DECOMA INTERNATIONAL INC.

ANNUAL REPORT 2000

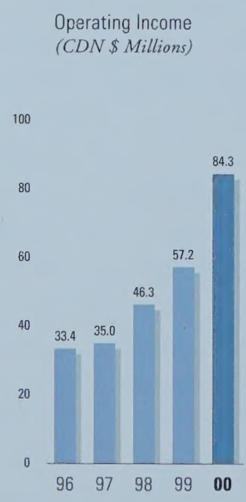
Decoma International Inc. is a full service supplier of exterior vehicle appearance systems for the world's automotive industry. Decoma designs, engineers and manufactures exterior fascias and related components, assemblies, modules, exterior trim components and systems, and plastic body panels for cars and light trucks.

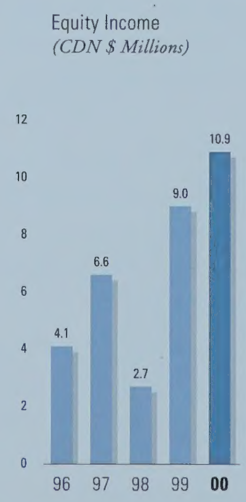
CONTENTS

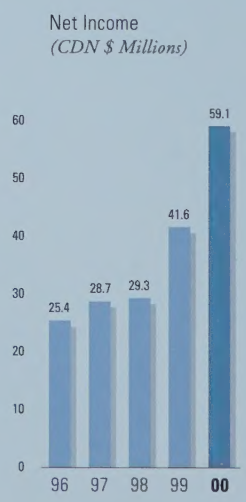
- Reached sales of over $1.0 billion
- Reached full production at Norplas fascia facility
- Reduced capital spending by expanding existing manufacturing capacity
- Improved quality performance
- Initiated company wide innovation program
- Expanded European presence through Conix facilities
- Established a partnership with a U.S. based minority supplier
- Commenced negotiations to acquire Magna's European exterior parts operations and its majority interest in Decoma Exterior Trim Inc.

EARNINGS PER SHARE

(Canadian dollars)		**2000**		1999		1998
Earnings per Class A Subordinate Voting Share or Class B Share						
Basic	**$**	**1.31**	$	0.90	$	0.77
Fully diluted	**$**	**1.11**	$	0.81	$	0.71





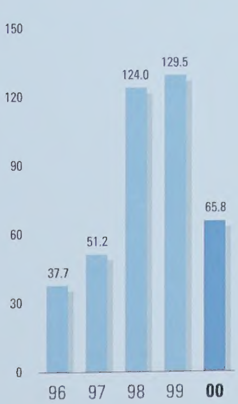


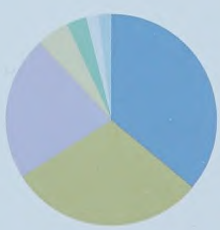
Decoma

TOP TEN VEHICLES

LHS/Intrepid/300M/Concorde	Deville
Voyager/Caravan/T&C	Windstar
LeSabre	Camaro/Firebird
Explorer	Alero
Durango	CK/Silverado/Sierra

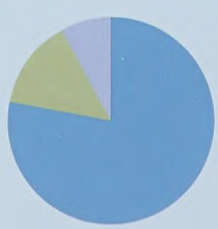
Capital Expenditures
(CDN $ Millions)





Sales by Customer for 2000

General Motors	36%
DaimlerChrysler	30%
Ford	22%
Other	5%
Tier Two	3%
Volkswagen	2%
Honda	2%



Sales by Product for 2000

Bumper Systems	78%
Exterior Trim (includes glazing)	14%
Body Panels	8%

TO OUR SHAREHOLDERS

THE PAST YEAR has been one of considerable achievement for your Company. We undertook a number of important initiatives to enhance Decoma's leading position in the exterior components and systems segment of the global automotive industry. Significant effort and commitment from everyone at Decoma resulted in another year of record operational and financial performance, a testament to the entrepreneurial spirit that exists at the Company. Most importantly, we continued to execute our carefully defined growth strategies, and are well positioned with the critical mass and financial strength to capitalize on the significant opportunities available in our markets.

Alan J. Power
President & Chief Executive Officer

A Record Year

By any measure, our performance set new benchmarks for excellence. Sales growth of 16% was derived from our ability to respond quickly and efficiently to increased demand for our leading products and systems. Our new Norplas facility operated at near full capacity for most of the year after one of the most successful launches in our history. While we experienced some operational challenges at our Mexican operations through the first half of the year, real progress was made through the last six months. We are confident that the contribution from these facilities will build in the quarters ahead.

Throughout the year, our expanding base of automotive customers increasingly recognized the quality and cost performance of our products and systems, and we were successful in winning a number of takeover contracts from our competitors.

As a result of this strong sales performance, Decoma's North American content per vehicle rose an impressive 9% to $50.59 compared to last year. Decoma has demonstrated a consistent ability to increase the content we manufacture for each vehicle produced by our customers, and we expect this measure of performance will continue to grow.

Building for the Future

A number of other achievements were accomplished that place the Company in an excellent position to experience continued growth and profitability in the future.

A record number of new products were launched during the year, the result of our extensive research, development and tooling efforts. These products, in addition to innovative new technologies and processes, will contribute to our growth and position us in new markets going forward.

We are currently commissioning our new production facility in Halewood, England. This plant will contribute to the Company's sales in the years ahead, and augments our growing presence in Europe.

Capitalizing on Strong Market Fundamentals

Contributing to our record performance was the continuing strength of the automotive market as the production of cars and light trucks in North America increased 6% compared to last year. Our markets are growing and changing, driven by a number of trends that are very positive for Decoma's future.

Automotive manufacturers continue to transition from metal to plastic for many of their exterior applications in order to reduce cost and weight. This transition is all but complete in the passenger car and van fascia segment of the market in which Decoma is a leading supplier. As we go forward, the changeover to plastic exterior parts and systems for light trucks and SUVs will continue to expand which should contribute significantly to our growth.

In addition, as our customers refocus their resources on areas critical to their global competitiveness, they are looking to consolidate their supply base and partner with large, solid companies like Decoma. One outcome of this trend is the movement toward modularization of complete sections of a vehicle to improve quality, reduce cost and enhance production efficiency. At Decoma we are developing the technologies and systems required to design and manufacture complete front and rear end modules that represent a significant portion of a vehicle's composition.

A Global Company for a Global Business

Another important factor driving our markets is the increasingly global nature of our business. Vehicle manufacturers are developing uniform, international platforms that can be assembled anywhere in the world, and expect their suppliers

to invest in complementary global capacity. To meet this need, Decoma is constantly seeking ways to broaden its geographic reach, and in May 2000 entered into negotiations with Magna International Inc. to purchase Magna's European exterior parts operations, as well as its majority interest in Decoma Exterior Trim Inc.

The proposed transaction, if completed, would more than double the Company's sales and transform Decoma into the world's largest supplier of exterior products and components to the automotive industry. It would also allow us to exchange technologies, thereby ensuring best practices are employed in all of our operations. Our customer base would also expand significantly, as a result of the transaction, allowing us considerable cross-selling opportunities between our North American and new European customers. Finally, synergies and economies of scale would improve operating efficiencies, thereby enhancing returns for our shareholders.

The terms of the transaction are currently under negotiation and are being overseen by a Special Committee of Decoma's independent directors. We are very excited about this opportunity and we are working diligently to complete the transaction as quickly as possible.

Our Growth Strategies Continue to Build Value

Our short-term goals are quite simple. Should the proposed acquisition of the Magna operations occur, we will focus our attention on integrating the new facilities and capturing all the benefits available through the resulting increase in size and critical mass. We are also directing attention to our current operations to ensure that we are generating the maximum possible return on investment.

Over the longer term, we will continue to execute the same strategies that have produced such strong growth and performance in the past. We will build on our market leadership to enhance our share of the world's automotive fascia market. We will further expand our presence as a global company, investing in facilities and technologies to meet the needs of our customers. We will continue to introduce new products and systems resulting from our innovative R&D programs, working closely with our customers to deliver the right products at the right price for tomorrow's vehicles.

Finally, we will continue to invest in our facilities, our technologies and, most importantly, our people. The significant intellectual capital and experience resident at Decoma is a key factor in our success, and through our ongoing training and development programs we will ensure this important asset continues to contribute to our prosperity in the future. Almost all of Decoma's 5,900 employees own equity in their Company, and it is this commitment, coupled with our strong spirit of innovation, that will enable us to build on Decoma's position as the world's leading supplier of exterior vehicle systems to the global automotive industry.

Alan Power

ALAN J. POWER
President & Chief Executive Officer

From left to right:

S. Randall Smallbone
Vice-President, Finance & Chief Financial Officer

Robert A. Brownlee
Vice President, Operations

Terry L. Ball
President, Decoma Exterior Trim Inc.

EMPLOYEE SHAREHOLDERS

Sharing in Our Future

Upon becoming a public company, all Decoma employees were offered the opportunity and the financial assistance to share in our progress through the purchase of common shares. Our Employee Charter provides that every employee should own a portion of their Company, and as of July 31, 2000, the majority of our team were shareholders and an important part of our future through the Company's Deferred Profit Sharing Program.

Aligning the interests of management and employees with all shareholders accomplishes a number of objectives. Most important is instilling the recognition that our ultimate goal of enhancing shareholder value is met only by delivering the highest level of service and quality to our customers. Also, by everyone on the Decoma team sharing in our future, we have been able to attract and retain the best and the brightest people in the industry. Our employee turnover is among the lowest in the business, and our management team is one of the most experienced in the industry.

In addition to share ownership, the fostering and rewarding of our spirit of innovation has been a key factor in our success, and another reason why Decoma continues to lead the industry with its products and processes. Our "Winning Teams" employee suggestion program has produced millions of dollars in savings every year, and our new "Ideas in Motion" innovation initiative will also result in new and better methods and products.

EMPLOYEE'S CHARTER

Decoma is committed to an operating philosophy which is based on fairness and concern for people. It includes these principles:

Job Security

Being competitive by making a better product for a better price is the best way to enhance job security. Decoma is committed to working together with its employees to help protect their job security. To assist its employees, Decoma will provide:

- Job Counselling
- Training
- Employee Assistance Programs

A Safe and Healthful Workplace

Decoma strives to provide its employees with a working environment which is safe and healthful.

Fair Treatment

Decoma offers equal opportunities based on an individual's qualifications and performance, free from discrimination or favouritism.

Competitive Wages and Benefits

Decoma will provide its employees with information which will enable them to compare their total compensation of total wages and total benefits with those earned by employees of their competitors, as well as with other plants in their community. If an employee's total compensation is found not to be competitive, then their wages will be adjusted.

Employee Equity and Profit Participation

Decoma believes that every employee should own a portion of the Company.

Communication and Information

Through regular monthly meetings between management and employees and through publications, Decoma will provide its employees with information so that they will know what is going on in their Company and within the industry.

The Hotline

Should an employee have a problem, or feel the above principles are not being met, we encourage them to call the Hotline or use the self-addressed Hotline Envelopes to register their complaints. Employees do not have to give their name, but if they do, it will be held in strict confidence. Hotline Counsellors, speaking several languages, will answer the employee's call. The employee's concern will then be forwarded to the Corporate Employee Relations Department. The Corporate Employee Relations Department is committed to investigate and resolve all concerns or complaints and must report the outcome to the Employee Relations Advisory Board.

Hotline Number: 1-800-263-1691

Employee Relations Advisory Board

The Employee Relations Advisory Board is a group of people who have proven recognition and credibility relating to humanitarian and social issues. This Board will monitor, advise and ensure that Decoma operates within the spirit of the Decoma Employee's Charter and the principles of Decoma's Corporate Constitution.

CORPORATE CONSTITUTION

Employee Equity and Profit Participation

Ten percent of Decoma's profit before tax will be allocated to employees. These funds will be used for the purchase of Decoma shares in trust for employees and for cash distributions to employees, recognizing length of service.

Shareholder Profit Participation

Decoma will distribute, on average, twenty percent of its annual net profit after tax to shareholders.

Management Profit Participation

To obtain long-term contractual commitment from senior management, the Company provides a compensation arrangement which, in addition to a base salary below industry standards, allows for the distribution of up to six percent of Decoma's profit before tax.

Research and Development

Decoma will allocate a minimum of seven percent of its profit before tax for research and development to ensure the long-term viability of the Company.

Social Responsibility

The Company will allocate a maximum of two percent of its profit before tax for charitable, cultural, educational, and political purposes to support the basic fabric of society.

Minimum Profit Performance

Management has an obligation to produce a profit. If Decoma does not generate a minimum after-tax return of four percent on share capital for two consecutive years, the Class A shareholders, voting as a class, will have the right to elect additional directors.

Board of Directors

Decoma believes that outside directors provide independent counsel and discipline. A majority of the members of Decoma's Board of Directors will be outsiders.

Unrelated Investments

Class A and Class B shareholders, with each class voting separately, will have the right to approve any investment in an unrelated business in the event such investment together with all other investments in unrelated businesses exceeds twenty per cent of Decoma's equity.

Constitutional Amendments

Any change to Decoma's Corporate Constitution will require the approval of the Class A and Class B shareholders, with each class voting separately.

A GLOBAL LEADER

The automotive manufacturing industry has become a truly global business as participants design and develop universal vehicle platforms that can be built and sold anywhere in the world. Suppliers to the original equipment manufacturers must invest along with their customers, building a global presence to ensure that a constant and consistent supply of uniform parts and systems are available wherever they are needed.

Recognizing this new industry paradigm, Decoma has been steadily investing in its global capacity to meet the requirements of its growing customer base. Our Decomex operation located just outside Mexico City will soon be providing products and systems for Mexican-produced vehicles for most North American manufacturers. Our highly successful involvement with DaimlerChrysler's innovative PT44 Cruiser is just one example. Our presence in Europe has also been significantly strengthened with the expansion of our Belgium operations and the commissioning and launch of our new moulding and painting facility in Halewood, England.

We have also enhanced our dominant position in the North American market through our new mould and paint operation in Ohio. This facility, which opened in 1999, evolved with input from virtually every discipline within the Decoma organization and has been successful in winning a number of takeover programs from our competitors. We will capitalize on the significant experience and knowledge gained from this start-up in all of our future capacity expansions.

Consistent with our global strategy, in May 2000 we announced our intention to acquire Magna International Inc.'s European exterior parts operations and Magna's existing majority interest in Decoma Exterior Trim Inc. The proposed acquisition would solidify Decoma's position as the premier global supplier of a full range of exterior automotive parts and components to the world's leading automotive manufacturers.

Our newest production facility in Halewood England expands our European presence and will initially focus on supplying Jaguar's new X400 vehicle which is part of Ford's Premier Automotive Group.

Our new Norplas facility operated at full capacity during 2000 and was our most successful new facility launch to date.

From left to right:

Tony Barton, Carmen Scott, Barry Elias and Carole Owen
Halewood, England facility

Our growing presence as a truly global company ensures that we can meet the needs of our customers anywhere in the world.

Our Mexican operations have been involved in producing fascias for the highly successful DaimlerChrysler PT44 Cruiser.

INNOVATION

Innovation is more than just a concept at Decoma, it is the driving force behind all that we do. As a key component of our Corporate Constitution, a minimum of 7% of pre-tax profit is committed to research and development activities, generating processes and products that remain at the cutting edge of the industry while ensuring the long-term viability of the Company.

Through our "Winning Teams" program, employees are encouraged to make continuous improvement suggestions and are recognized and rewarded when they result in cost savings, productivity enhancements or quality improvements. We have extended this highly successful initiative with our new "Ideas in Motion" program, asking everyone to think about how we could do things differently; to think "outside the box" and recommend completely new methods and practices that could improve on the status quo.

Decoma continues to participate in innovative programs with our suppliers that are focused on producing products and systems for the vehicles of the future. These partnerships strengthen our relationships with our customers as we provide valuable input into vehicle design to ensure parts and

Laurie Sinclair,
Chris Rolko
Innovation Program Managers

Decoma's culture fosters a true spirit of teamwork and mentoring. Our training and development programs will contribute to our ongoing success.

systems can be manufactured and assembled efficiently and cost-effectively. In addition, our significant research into new materials and applications for plastic helps further our goal of weight reduction while enhancing vehicle safety.

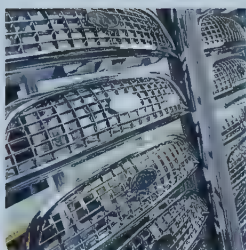
During the 1990's we began assuming a greater portion of the design and engineering responsibility for our customers. This capability results in product designs that best utilize our tooling, moulding and painting expertise and delivers to our customers the highest quality part at the best price. We are also working closely with our customers to improve the design and manufacturability of a vehicle's front end to enhance crash worthiness and pedestrian safety aspects.

Through our participation in DaimlerChrysler's Composite Concept Vehicle, we are developing new technologies to produce lightweight, low-cost vehicles employing engineered plastics in a number of new production areas. Finally, our development partnership with Advance USA, LLC has resulted in a unique material used to manufacture hard tonneau covers for trucks and SUVs, a traditional after-market product that we are confident can be sold to our OEM customers on the strength of enhanced performance characteristics.

Our employees constantly strive to improve our products and our processes ensuring we deliver the highest quality at the right price to our customers.

Significant efforts were successful during 2000 in improving workflow and introducing innovative production methods.

TECHNOLOGICALLY DRIVEN



Our new chrome-plated TPO technology produces products that are lighter and less expensive than those made from competing materials.

Innovative compression moulded long glass fibre technologies will potentially deliver weight reduction for products like running boards.

Melissa Vultaggio
Engineering intern,
Troy design center

Decoma is a pioneer in injection moulding large parts.

Decoma is recognized throughout the industry as a leader in the development and application of new and ground-breaking methods and materials for the production of exterior vehicle plastic parts and systems. Through a commitment to research and a close working relationship with its partners and customers, Decoma has introduced and is working on the development of a number of innovative technologies for the global automotive industry.

In an ongoing program with Dow Chemical, Decoma is developing a polymer nanocomposite material that can be used to reduce the profile and weight of certain moulded structural parts while improving the performance characteristics of plastic. We are continuing our work on the development of processes to produce large plastic body panels that meet high-heat specifications while reducing weight and cost.

To meet the strength and weight specifications for such additional items as vehicle running boards, Decoma has pioneered the development of compression moulded long glass fibre technologies that provide vehicle manufacturers with the necessary rigidity while again reducing weight and cost.

Additionally, in conjunction with a major material supplier, the Company is in the process of developing a chrome-plated thermoplastic olefin ("TPO") material that is lighter and less expensive than materials currently being used.

Decoma has also focused on ensuring its manufacturing processes are efficient and able to provide customers with the highest quality at a competitive price. Wherever possible, capacity has been expanded through the elimination of production bottlenecks and employing innovative processes to ensure increased demand can be met, in many cases without the need for additional capital spending.

For example, new technologies developed by the Company have significantly increased the throughput at its painting operations. In another example, moulding capacity and cycle-time has been enhanced with the application of Decoma's patented sequential valve gating process.

LEADING-EDGE PRODUCTS

Decoma has made significant strides in extending its pioneering technologies and materials into different exterior and other applications utilized by the global automotive industry. Manufacturers around the world are looking to partners like Decoma to provide innovative thinking to meet cost and weight reduction objectives in addition to enhancing vehicle safety standards. North American OEMs in particular are working diligently to meet the Corporate Average Fuel Economy ("CAFÉ") standards, and Decoma is an integral partner in this effort.

Decoma also remains at the forefront in the development of large exterior vehicle systems. Our work in designing and building complete front and rear end vehicle modules will provide our customers with improved assembly, efficiency and flexibility. We are also extending our expertise to develop larger exterior body parts from plastic composites to meet the needs of our customer's focus on weight reduction and fuel consumption.

Decoma's innovative window surround continues to attract customers because of its cost savings, weight reduction, design flexibility and noise abatement. During fiscal 2000 a number of new North American production orders were awarded for this new window surround. Decoma intends to build on this North American momentum by introducing this product to the European marketplace. To enhance its presence in this market, Decoma has developed a thermoplastic vulcanized ("TPV") trim seal that complements its window surround and replaces rubber with plastic trim that is less expensive, provides enhanced sealing characteristics and can be manufactured in coordinated colours.

As a testament to its product innovation, Decoma continues to garner industry recognition. In fiscal 2000 the Company received an SPE award for the design of an innovative new spoiler for a GM vehicle. Decoma's recently introduced window surround also received an honourable mention from the PACE award committee. This award is sponsored by Automotive News and Ernst and Young.

High performance STRATA composite hard top showcasing innovative new design

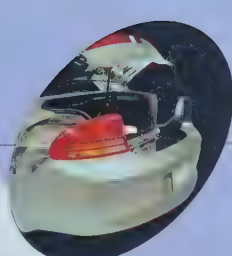
From left to right:

Larry Landrith
Project Engineer
ESE, Belgium

Jennifer Minnella
Product Development Engineer
ESE, U.S.A.

Matt Griswold
Project Engineer
ESE, United Kingdom

A new thermoplastic vulcanized trim seal can be manufactured in coordinating colours to enhance the appearance of our window surround module.



We are developing the technologies and systems necessary to design and manufacture complete front and rear end vehicle modules for our customers.

Our new window surround module reduces weight, cost and interior noise, while providing customers with improved design flexibility.

FINANCIAL INFORMATION

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL POSITION

Management's Discussion and Analysis of Operations and Financial Position should be read in conjunction with the accompanying consolidated financial statements.

The following is a comparison of Decoma's results of operations and financial position for the fiscal years 2000 and 1999. The amounts described below are based on the Company's consolidated financial statements which are prepared in accordance with Canadian GAAP. Net income under United States GAAP is detailed in Note 20 to the consolidated financial statements. The discussion below reflects the Company's respective interests in the Conix joint venture companies on a proportionate consolidation basis and its respective interests in Bestop, Inc. and Decoma Exterior Trim Inc. on an equity accounted basis. The financial results of all other subsidiaries and divisions are combined with those of the Company. Decoma's operations are substantially all related to the automotive industry. Decoma designs, engineers and manufactures fascia systems and related components, assemblies and modules, body panels and exterior systems for cars and light trucks principally for North American and New Domestic Original Equipment Manufacturers ("OEMs").

Forward Looking Statements

The contents of the Annual Report, including, without limitation, the following discussion, contains statements which, to the extent that they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. The words "estimate", "anticipate", "believe", "expect", and similar expressions are intended to identify forward-looking statements. Such forward-looking information involves important risks and uncertainties that could materially alter results in the future from those expressed in any forward-looking statements made by, or on behalf of, Decoma. These risks and uncertainties include, but are not limited to, industry cyclicality, trade and labour disruptions, pricing concessions and cost absorption, dependence on certain vehicles and major OEM customers, currency exposure, technological developments by Decoma's competitors, government and regulatory policies and changes in the competitive environment in which Decoma operates. Persons reading this Management's Discussion and Analysis of Operations and Financial Position are cautioned that such statements are only predictions and that actual events or results may differ materially. In evaluating such forward-looking statements readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Overview

Decoma continued to refine, develop and implement its strategic direction to enhance its position as the premier global supplier of automotive fascia systems, front and rear end modules, related components and plastic body panels. The Company has focused its expansion in regions outside of North America in 2000, primarily in Western Europe and England.This strategy is in line with the Company's various customer requirements and trends which include the outsourcing by OEMs of large complex modules and complete systems to capable Tier One suppliers, the increasing prevalence of derivative and niche vehicles, the greater participation by suppliers in the design and engineering stages of vehicle development and the requirement to meet all of these expectations on a global basis.

Global Exteriors Transaction

As a part of Decoma's strategy, the Company and Magna International Inc. ("Magna") entered into a non-binding letter of intent on May 18, 2000 for Decoma to purchase the Magna Exterior Systems ("MES") operations in Europe, and to acquire Magna's 60% majority interest in Decoma Exterior Trim Inc. (the "Global Exteriors Transaction") This acquisition is being reviewed by a Special Committee of the independent directors of the Company. Upon completion, the proposed Global Exteriors Transaction would more than double the Company's sales and would solidify Decoma as the premier global supplier of exterior products and components to the automotive industry.

Decoma believes that the transaction represents an attractive opportunity to significantly enhance the Company's ability to achieve its stated strategic objectives. More specifically, the Global Exteriors Transaction will significantly enhance Decoma's global presence by adding new geographic manufacturing locations in the influential German market and by supplementing existing capacity in both the U.K. and Belgium. By adding these additional facilities, Decoma will be better able to maximize and co-ordinate its strategic planning efforts by providing a greater range of production options to satisfy its customers' global needs.

The Global Exteriors Transaction will also enable the Company to expand and strengthen customer relationships. Decoma currently enjoys very strong relationships with its North American customer base. By completing the Global Exteriors Transaction, the Company will be able to complement these relationships with the strong customer relationships currently enjoyed by MES with European manufacturers such as DaimlerChrysler, VW, Audi and BMW. The Global Exteriors Transaction is subject to settlement of a definitive agreement between Decoma and Magna and will require approval of Decoma's minority shareholders. It is anticipated that the Global Exteriors Transaction could be completed in early 2001.

North America

The Company's new fascia facility in Ohio was fully launched during fiscal 2000 after commencing commercial production in April of 1999. Originally 350,000 square feet, and now expanded to 400,000 square feet, this facility has the processes in place for injection moulding, painting, assembly and sequencing of over 1.6 million fascias per year. The facility is within a three-hour delivery window of all of the Company's customers' assembly plants in Michigan and Ohio and is therefore well positioned to service its customers within this important region of the North American automobile industry. The launch of this facility has been the most successful in the Company's history and, after its first full year of production, the facility has a full book of business.

To expand on the Company's development of niche vehicles, a new facility was opened in the Toronto area to apply appearance packages to specialty vehicles for a local assembly plant of General Motors. This facility is very similar to the facility that the Company has successfully operated in the Montreal area since 1995 for the Ste. Thérèse assembly plant of General Motors. These specialty vehicles are fully assembled vehicles provided by General Motors to the Company's facility where they are then fitted with various exterior ornamentation packages. These packages include rear deck spoilers, front fascia spoilers and various cladding and exterior trim parts. The majority of these parts are produced and shipped from various Decoma production facilities.

In response to our customers' stated objective of encouraging employment opportunities to various minority groups, Decoma recently entered into a minority partnership with Hollingsworth Logistics Group, LLC to provide sequencing, sub-assembly and logistics management services to its OEM customers on a minority credit basis. The venture, Modular Automotive Systems, LLC, in which Decoma holds a minority interest, has applied for certification as a minority business enterprise in the State of Michigan.

During fiscal 2000, the Company's Mexican operating subsidiary, Decomex, has not been as profitable as the Company had planned but, through aggressive cost reductions, productivity improvements and the securing of additional contracts, management remains committed to this facility and its potential to be a significant contributor to Decoma's success in the future.

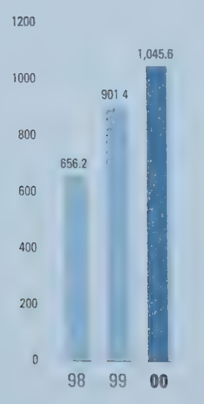
Europe

Decoma has continued its focus on European expansion during fiscal 2000, through the proposed completion of the Global Exteriors Transaction noted above and the continued development of the Conix operations in both England and Belgium. The European market remains one of Decoma's greatest areas of opportunity for growth with respect to both geographic markets and product areas. As the automotive industry continues its consolidation, as evidenced by mergers such as that of Mercedes Benz and Chrysler, and acquisitions such as Ford's purchase of Volvo and Land Rover, Decoma believes that the OEMs will require Tier One suppliers, such as Decoma, to be capable of meeting their increasingly complex operational requirements.

In fiscal 1999 Decoma established the Conix U.K. joint venture with Ford's Visteon group. This joint venture was awarded the new Jaguar X400 program, current Jaguar fascia programs and various other programs from Ford's new premier automotive group. The X400 program includes the assembly and sequencing of both the fascias and various other exterior parts. In addition, service order work for various other Ford programs were awarded to this facility. The Jaguar X400 is a small Jaguar that will compete with the BMW 3 series and the Mercedes Benz C class.

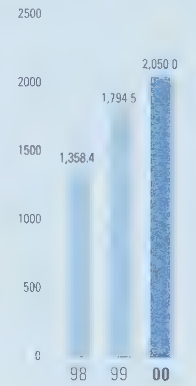
The Conix U.K. facility is a 160,000 square foot building consisting of injection moulding, reaction injection moulding, painting and assembly operations. This facility is located near Liverpool, in the northern part of England, at Halewood. The facility has started limited production to prove-out its manufacturing operations. As was the case with the start-up of Norplas, this initial limited production will allow the facility to fine tune the plant and train the employees prior to the commencement of full production on the X400 program. It is expected that this facility will commence initial commercial production in the first quarter of calendar 2001 and will achieve full commercial production during the third quarter of calendar 2001.

Sales
(CDN $ Millions)



The Conix Belgium facility commenced a major expansion during fiscal 1999. Conix Belgium was awarded the moulding of the fascias for supply to the Genk Belgium assembly plant of Ford Motor Company. The proximity of this facility to a number of European OEM assembly plants makes it a key component of Decoma's overall European expansion strategy. There are over one million vehicles manufactured within a 100 km radius of Conix Belgium. These include GM Opel in Antwerp, Ford Genk, VW Brussels and Nedcar in the Netherlands.

Managed Sales
(CDN $ Millions)



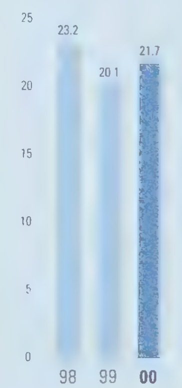
Facilities

Decoma continues to expand existing capacity through aggressive productivity improvements and product planning. Decoma has opened up approximately 2 million additional paint passes on its existing equipment through these endeavours, thereby removing any present need for the construction of additional paint lines to accommodate programs that have been awarded to the Company. Decoma's innovative employee programs involving employees at all levels of the organization have been a driving force behind these improvements.

As of July 31, 2000 Decoma had 13 automotive parts manufacturing facilities (including 5 joint venture facilities) of which 11 are in North America (including Mexico) and 2 are in Europe, as well as 1 product development and engineering centre located in North America. In addition, Decoma has equity investments in Decoma Exterior Trim Inc. and Bestop, Inc. (40% owned by Decoma and 60% owned by Magna). Decoma Exterior Trim Inc. has 8 facilities and Bestop, Inc. has 2 facilities. All of these facilities are located in North America.

Fiscal 2000 Compared to 1999

Gross Margin
(%)



Sales

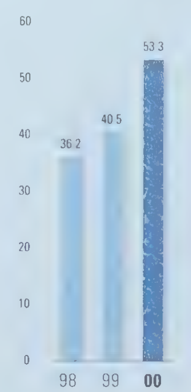
The Company's consolidated sales increased by 16% to $1,045.6 million in fiscal 2000 compared to $901.4 million in fiscal 1999. Production sales increased by 15% to $916.4 million for fiscal 2000 from $796.9 million in fiscal 1999. Fiscal 2000 was a strong year for North American and Mexican vehicle production. The total production build for passenger cars and light trucks for fiscal 2000 was 18.1 million vehicles representing an increase of 6% compared to fiscal 1999. The majority of the production increase was in the area of light trucks and sport utility vehicles. Decoma's North American and Mexican content per vehicle was $50.59 for fiscal 2000. This is an increase of 9% compared to fiscal 1999 of $46.50. The increase in sales reflects full production at Decoma's new Ohio facility, an increase in high content assemblies and the launch of several takeover programs from competitors.

Tooling sales included in consolidated sales increased 24% in fiscal 2000 to $129.2 million. The growth in tooling sales is a result of the Company's increased share of the global market and the awarding of a number of new and replacement contracts during the year.

Managed sales, including 100% of jointly controlled entities and equity accounted investments, totaled $2,050.0 million in fiscal 2000 or a 14% increase compared to $1,794.5 million during fiscal 1999.

The Company's geographical breakdown in sales included sales in Canada, the United States, Mexico and Europe. Canadian sales for fiscal 2000 were $550.7 million compared to fiscal 1999 of $513.6 million, an increase of 7%. Sales in the United States for fiscal 2000 were $422.6 million compared to $302.9 million in fiscal 1999, an increase of 40%. Sales in the United States recorded the highest rate of sales growth due in large part to the full year of production at the Company's new fascia facility in Ohio. Sales for Mexico and Europe were $106.0 million compared to $121.9 million for the previous year, a decrease of 13%. The reduction in sales for Mexico and Europe was a direct result of past vehicle programs balancing out in fiscal 1999 coupled with the launch of newer vehicle programs during fiscal 2000.

Depreciation &
Amortization
(CDN $ Millions)

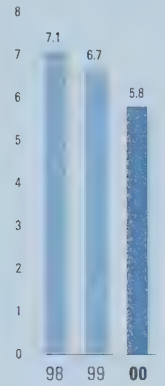


Gross Margin

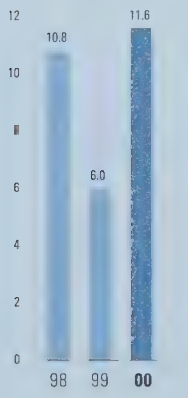
Gross margin as a percentage of total sales for fiscal 2000 was 21.7% compared to 20.1% for fiscal 1999. Gross margin increased during fiscal 2000 due to a combination of improved operating efficiencies, the successful launch of the Ohio facility and other facilities operating close to capacity. This improvement was achieved despite the launch costs associated with new and takeover programs, the increase in lower margin tooling sales and the increase in design, engineering, and research and development costs.

Design, engineering, and research and development costs in fiscal 2000 totaled $20.1 million compared to $19.1 million in fiscal 1999. These costs were primarily incurred for new programs scheduled to launch in fiscal year 2001 and beyond. These costs, which are expensed as incurred as opposed to capitalizing them, were partially offset during the year by increased capacity utilization and operating improvements.

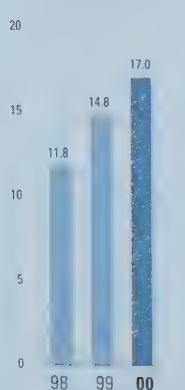
S,G & A
(%)



Financing Costs
(CDN $ Millions)



Affiliation Fees
(CDN $ Millions)



Depreciation and Amortization

Depreciation and amortization costs increased from $40.5 million in 1999 to $53.3 million in fiscal 2000. This represents 5.1% of sales in fiscal 2000 compared to 4.5% in fiscal 1999. This increase reflects Decoma's continuing investment in capital equipment to support new production programs and increased depreciation as a result of the Ohio facility which was in full production for all of fiscal 2000.

Selling, General and Administrative ("S,G&A")

S,G&A costs increased from $60.2 million in fiscal 1999 to $60.5 million in fiscal 2000. As a percentage of sales however, S,G&A decreased from 6.7% in fiscal 1999 to 5.8% in fiscal 2000. Absolute S,G&A spending was held to a modest increase in fiscal 2000 despite the addition of the new Halewood facility, the impact of foreign exchange and increases in program management cost to support Decoma's continued sales growth.

Interest Expense

Interest expense (including inter-company and external interest) for fiscal 2000 was $5.7 million compared to $0.4 million in fiscal 1999. This increase resulted primarily from expensing interest costs associated with the Ohio facility which is no longer in the pre-production phase, the investment in working capital to support the expansion in sales during fiscal 2000 and an investment in additional equipment to support new business.

Amortization of Discount on Convertible Series Preferred Shares

In connection with the Company's reorganization during fiscal 1998, Preferred Shares with a face value of $150.0 million were issued to Magna. Decoma's amortization of the discount on the portion of the Preferred Shares classified as debt was $5.9 million in fiscal 2000 compared to $5.6 million in fiscal 1999. (See Note 10 to the Consolidated Financial Statements).

Affiliation Fees and Other Charges

Decoma pays fees to Magna for certain rights and services provided under the terms of an affiliation agreement with Magna. These fees are based on Decoma's sales and pre-tax profits and also include charges for specific services rendered. The fees and charges paid to Magna in fiscal 2000 increased to $17.0 million compared to $14.8 million in fiscal 1999 primarily as a result of higher sales and pre-tax profits. (See Note 18 to the Consolidated Financial Statements).

Non-Recurring Start-Up Costs

Non-recurring start-up costs in fiscal 1999 represent Decoma's initial costs relating to its entry into the Brazilian market which were not recovered from Magna when the Brazilian operations were sold. (See Note 18 to the Consolidated Financial Statements).

Operating Income

Income before equity income, minority interest and income taxes increased by 47% to $84.3 million in fiscal 2000 from $57.2 million in fiscal 1999. The increase in operating income reflects the higher contribution due to sales growth, improving margins and no non-recurring start-up costs in fiscal 2000, offset by increases in depreciation and amortization, S,G&A costs, interest expense, preferred share amortization and fee expenses. Operating income as a percentage of sales was 8.1% in fiscal 2000 compared to 6.3% in fiscal 1999.

Equity Income

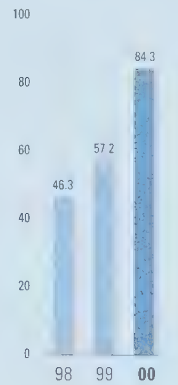
Income from equity accounted investments for fiscal 2000 was $10.9 million compared to $9.0 million in fiscal 1999. The increase in equity income is a result of Decoma Exterior Trim Inc.'s improved operating efficiencies, strong program volumes and the launch of a significant number of new programs. In addition Bestop, Inc. continues to improve its operating margins compared to the results achieved in fiscal 1999. The improvement is a result of major cost reduction programs, continuous improvement efforts and strong core program volumes.

Equity income fell short of the Company's profit objective in the fourth quarter of fiscal 2000 due primarily to start-up losses at a new facility and plant closure costs arising from plant consolidations.

EBITDA

EBITDA, including equity income, increased 42% to $160.0 million or 15.3% of sales for fiscal 2000 compared to $112.7 million or 12.5% in fiscal 1999. This increase was primarily the result of improved operating and equity income.

Operating Income
(CDN $ Millions)



Income Taxes

Decoma's effective income tax rate for fiscal 2000 was 41.8% compared to 38.4% for fiscal 1999. This increase is attributed to losses at the Company's Mexican facility that were not tax benefited, the reversal of Mexican tax losses previously tax benefited and foreign income subject to higher tax rates.

Net Income

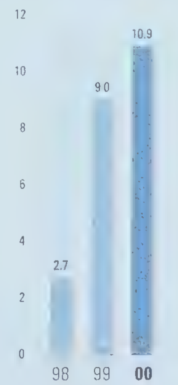
Net income for fiscal 2000 was $59.1 million compared to $41.6 million for fiscal 1999. This increase reflects the higher operating income and increases in equity income, offset by the increase in Decoma's effective tax rate. The deduction from net income of dividends declared and paid on the Convertible Series Preferred Shares (net of return of capital) of $2.6 million in fiscal 2000 compared to $2.8 million in fiscal 1999 is reflected in net income attributable to Class A Subordinate Voting Shares and Class B Shares.

Earnings Per Share

On a fully diluted basis, earnings per Class A Subordinated Voting Share or Class B Share were $1.11 in fiscal 2000 compared to $0.81 in fiscal 1999.

Basic earnings per Class A Subordinated Voting Share or Class B Share were $1.31 in fiscal 2000 compared to $0.90 in fiscal 1999.

Equity Income
(CDN $ Millions)



Financial Condition, Liquidity And Capital Resources

Cash Flow From Operations

During fiscal 2000 Decoma's cash flow from operating activities before changes in non-cash working capital increased by $34.4 million to $117.7 million as compared to $83.3 million in fiscal 1999. This increase is a result of the increase in net income and non-cash expenses, primarily depreciation and deferred tax charges. Cash invested in non-cash working capital during fiscal 2000 was $27.4 million compared to cash generated of $10.5 million in fiscal 1999. This change is a result of timing issues relating to accounts payable and other accrued liabilities and income taxes payable. Cash was also invested in accounts receivable to support the higher sales levels and tooling inventory for new programs. Overall cash flow from operations for fiscal 2000 was $90.3 million, a decrease of $3.4 million from fiscal 1999. Cash balances net of bank indebtedness at July 31, 2000 were at $29.9 million compared to $38.3 million at July 31, 1999.

Foreign Currency Activities

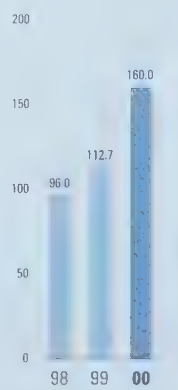
Decoma negotiates sales contracts with North American OEMs in both Canadian and U.S. dollars. Materials and equipment are purchased in various currencies depending upon competitive factors including relative currency rates. Labour and materials used in the North American operations to satisfy these sales contracts are paid for, primarily, in both Canadian and U.S. dollars.

In Mexico, sales contracts with the OEMs are negotiated, primarily, in U.S. dollars. At the time of payment, these sales contracts are satisfied in Mexican pesos, which are converted to U.S. dollars at the time payment is received. Within this market, labour, utilities and the majority of S,G&A costs are paid for principally in Mexican pesos and materials and equipment are paid for primarily in U.S. dollars.

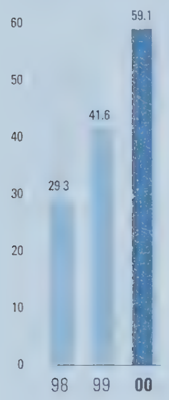
In Europe, the Company negotiates sales contracts with European OEMs for settlement in the Euro, certain legacy currencies, which are fixed against the Euro, and the British Pound. The labour, materials and equipment used in these European operations are paid for, primarily, in these same currencies.

Decoma's manufacturing facilities make commitments to sell product for which the selling price has been determined in currencies different from the currency required to pay for the necessary labour, materials and equipment to perform the sales contracts. These contractual obligations require Decoma to deliver product over the life of the related program, which normally spans a number of years. In order to manage the foreign currency exposure which results from these activities, Decoma employs hedging programs which consist largely of purchasing foreign exchange forward contracts. Anticipated production volumes, program costs and the timing of product delivery schedules all impact the details, including the amount and timing, of the

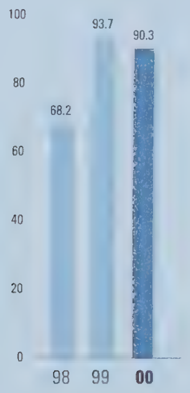
EBITDA
(CDN $ Millions)



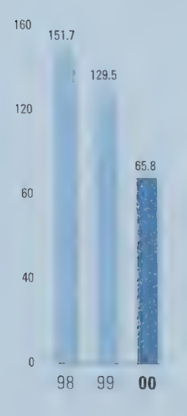
Net Income
(CDN $ Millions)



Cash Flow from Operations
(CDN $ Millions)



Fixed Assets & Aquisitions
(CDN $ Millions)



forward contracts. Decoma's results of operations, however, may still be affected by fluctuations of relative currency values, particularly those of the U.S. dollar, Canadian dollar, the Euro and certain legacy currencies (particularly the German Deutschmark) and the British Pound.

Investment Activities

Capital and investment spending totaled $68.6 million (net of proceeds from dispositions) in fiscal 2000 compared to $129.9 million in fiscal 1999. Additions to fixed assets were $65.8 million in fiscal 2000 compared to $129.5 million in fiscal 1999. Capital spending on fixed assets in fiscal 2000, which was largely in support of new production contracts, was funded primarily from cash on hand and cash generated from operations. Capital spending for the twelve months ending July 31, 2001 is expected to be approximately $75.0 million primarily to support newly awarded production contracts, required maintenance improvements, the completion of the Conix U.K. fascia facility and other process related expenditures. Management believes that cash balances on hand, existing unutilized credit facilities and internally generated funds from operations will be sufficient to meet all planned capital requirements.

Financing Activities

During fiscal 2000 Decoma used cash to repay bank indebtedness of $8.7 million and long-term debt of $1.2 million. Decoma also made payments to Magna of $12.0 million as a partial repayment of the debt due to Magna.

Dividends

Decoma's Corporate Constitution requires the payment of dividends of a minimum of 10% of after-tax profits (after providing for any preferred share dividends). For the year ended July 31, 2000, the Company declared dividends on its Class A Subordinated Voting and Class B Shares in the amount of $9.5 million ($0.22 per share) compared to $7.8 million ($0.18 per share) for the year ended July 31, 1999. Dividends paid have been financed out of cash flow from operations.

2001 Outlook

Decoma's results are directly affected by the levels of North American and Mexican car and light truck production. Assuming completion of the Global Exteriors Transaction and as the Conix European facilities become an increasingly important part of Decoma's overall operations, the European Economic Community will also play an added important role in the Company's progress. The current forecast for fiscal 2001 production levels in North America and Mexico is estimated to be 16.6 million units and in Western Europe is estimated to be 15.8 million units. In addition to the number of vehicles forecasted to be produced, the Company is also affected by the mix in sales between passenger cars and light trucks. The Company's ratio between passenger cars and light trucks is 60% for passenger cars and 40% for light trucks (including SUVs and Mini-Vans). This mix may be affected by many factors such as fuel prices, the general economy and changing demographics.

Given the current economic environment, operating results in the near term could be negatively impacted primarily as a result of program delays, lower volumes or adverse mix changes as consumers deal with higher energy costs and interest rates. Management is confident, however, that the strategy which has been put in place over the last few years together with the proposed acquisition of MES and the majority stake in Decoma Exterior Trim Inc., will provide significant growth opportunities in both geographic markets and product areas while at the same time providing the Company with significant operating synergies and cost saving opportunities.

On August 4, 2000, Decoma's Board of Directors approved the change of the Company's year end from July 31 to December 31. In addition, commencing with the new fiscal year ending December 31, 2001, the Board of Directors have also approved the change in the Company's financial reporting currency to U.S. dollars. These changes reflect the increasing global nature of Decoma's business and will enable the Company's financial performance to be compared more readily to that of its peer group within the automotive parts supply industry.

MANAGEMENT'S REPORT AND AUDITORS' REPORT

Management's Responsibility for Financial Reporting

Decoma's management is responsible for the preparation and presentation of the consolidated financial statements and all other information in this Annual Report. The consolidated financial statements were prepared by management in accordance with generally accepted accounting principles and, where appropriate, reflect estimates based upon the judgement of management. Where alternative accounting methods exist, management has selected those that it considered to be the most appropriate in the circumstances. Financial information presented elsewhere in this Annual Report has been prepared by management on a basis consistent with the consolidated financial statements. The consolidated financial statements have been reviewed by the Audit Committee and approved by the Board of Directors of Decoma.

Management is responsible for the development and maintenance of systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is accurate, relevant and reliable, and that Decoma's assets are appropriately accounted for and adequately safeguarded.

Decoma's Audit Committee is appointed by the Board of Directors and is comprised of outside directors. The Committee meets periodically with management, as well as with the independent auditors, to satisfy itself that each is properly discharging its responsibilities, to review the consolidated financial statements and the independent Auditors' Report and to discuss significant financial reporting issues and auditing matters. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders.

The consolidated financial statements have been audited by Ernst & Young LLP, the independent auditors, in accordance with generally accepted auditing standards on behalf of the shareholders of Decoma. The Auditors' Report outlines the nature of their examination and their opinion on Decoma's consolidated financial statements. The independent auditors have full and unrestricted access to the Audit Committee.

Decoma International Inc.
September 8, 2000

Auditors' Report

To the Shareholders of Decoma International Inc.

We have audited the consolidated balance sheets of Decoma International Inc. as at July 31, 2000 and 1999 and the consolidated statements of income, retained earnings and Magna's net investment and cash flows for each of the years in the three year period ended July 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three year period ended July 31, 2000 in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP

Ernst & Young LLP
Chartered Accountants
Toronto, Canada
September 8, 2000

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of Decoma International Inc. and its subsidiaries (the "Company") have been prepared in Canadian dollars following accounting policies generally accepted in Canada. These policies are also in conformity, in all material respects, with accounting policies generally accepted in the United States, except as described in Note 20 to the consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company. The Company accounts for its interests in jointly controlled entities using the proportionate consolidation method. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on account, demand deposits and short-term investments with original maturities of less than three months.

Inventories

Inventories are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead.

Investments

The Company accounts for investments in which it has significant influence on the equity basis. The difference between the cost of the shares of the associated companies and the underlying net book value of the assets is amortized over the lives of the assets to which the difference is attributed. The amount allocated to goodwill is amortized over a period of 20 years. The Company reviews the valuation and amortization periods of goodwill whenever events or changes in circumstances warrant such a review. In doing so, the Company evaluates whether there has been a permanent impairment in the value of the unamortized goodwill based on the estimated undiscounted cash flows of each business to which the goodwill relates.

Fixed Assets

Fixed assets are recorded at historical cost including interest capitalized on construction in progress and land under development less related investment tax credits.

Depreciation is provided on a straight-line basis over the estimated useful lives of fixed assets at annual rates of 2 1/2% to 5% for buildings, 7% to 10% for general purpose equipment and 10% to 30% for special purpose equipment.

Costs incurred in establishing new facilities which require substantial time to reach commercial production capability are capitalized as deferred preproduction costs. Amortization is provided over periods up to five years from the date commercial production is achieved.

Revenue Recognition
Revenue from the sale of manufactured products is recognized upon shipment to customers.

Government Financing
The Company makes periodic applications for financial assistance under available government assistance programs in the various jurisdictions in which the Company operates. Grants relating to capital expenditures are reflected as a reduction of the cost of the related assets. Grants and tax credits relating to current operating expenditures are recorded as a reduction of expense at the time the eligible expenses are incurred.

Research and Development
The Company carries on various applied research and development programs, certain of which are partially or fully funded by government or by customers of the Company. Funding received is accounted for using the cost reduction approach. Research costs are expensed as incurred and development costs which meet certain criteria where future benefit is reasonably certain are deferred to the extent of their estimated recovery.

Foreign Exchange
Assets and liabilities of foreign subsidiaries and investees, all of which are self-sustaining, are translated using the exchange rate in effect at the year-end and revenues and expenses are translated at the average rate during the year. Exchange gains or losses on translation of the Company's net equity investment in these subsidiaries and investees are deferred as a separate component of shareholders' equity. The appropriate amounts of exchange gains or losses accumulated in the separate component of shareholders' equity are reflected in income when there is a reduction in the Company's net investment in these subsidiaries and investees as a result of capital transactions.

Foreign exchange gains and losses on transactions occurring in a currency different from an operation's functional currency are reflected in income except for gains and losses on foreign exchange forward contracts used to hedge specific future commitments in foreign currencies. Gains or losses on these contracts are accounted for as a component of the related hedged transaction.

Stock-based Compensation
No compensation expense is recognized for stock options granted under the Company's Incentive Stock Option Plan. Consideration paid by employees, senior officers and directors on the exercise of stock options is credited to capital stock.

Income Taxes
The Company follows the deferral method of tax allocation in accounting for income taxes. Under this method timing differences between accounting and taxable income result in the recording of deferred income taxes.

Investment tax credits relating to fixed asset purchases and research and development expenses are accounted for as a reduction of the cost of such assets and expenses, respectively.

Income taxes related to unremitted earnings of foreign subsidiaries are not provided for by the Company as such earnings are considered to be indefinitely reinvested in foreign operations.

CONSOLIDATED BALANCE SHEETS

(Canadian dollars in thousands)	Note	As at July 31 2000	1999
Assets			
Current assets:			
Cash and cash equivalents		**$ 50,702**	$ 67,811
Accounts receivable	6	**115,339**	112,943
Inventories	4	**83,429**	70,878
Prepaid expenses and other		**7,405**	8,398
Accounts receivable from related companies	18	**3,006**	3,101
		259,881	263,131
Investments	2	**50,264**	41,335
Fixed assets, net	5	**412,561**	405,377
Other assets	6	**10,198**	9,962
		$ 732,904	$ 719,805
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank indebtedness	9	**$ 20,821**	$ 29,487
Accounts payable		**76,781**	80,170
Accrued salaries and wages		**24,264**	22,642
Other accrued liabilities		**22,912**	25,909
Income taxes payable	8	**401**	9,342
Long-term debt due within one year	9	**831**	13,722
Debt due to Magna within one year	9	**40,280**	14,096
		186,290	195,368
Long-term debt	9	**35,511**	26,764
Long-term debt due to Magna	9	**–**	39,304
Deferred income taxes	8	**29,700**	18,563
Convertible Series Preferred Shares	10	**143,802**	137,922
Minority interest		**10,365**	14,136
Shareholders' equity:			
Convertible Series Preferred Shares	10	**9,939**	14,800
Class A Subordinate Voting Shares	11	**103,661**	103,661
Class B Shares	11	**95,303**	95,303
Retained earnings		**103,994**	56,600
Currency translation adjustment	13	**14,339**	17,384
		327,236	287,748
		$ 732,904	$ 719,805

Commitments and contingencies (notes 9 and 19)

See accompanying notes

On behalf of the Board:

JOHN T. MAYBERRY
Director and Chairman of the Audit Committee

JENNIFER J. JACKSON
Director and Member of the Audit Committee

CONSOLIDATED STATEMENTS OF INCOME, RETAINED EARNINGS AND MAGNA'S NET INVESTMENT

(Canadian dollars in thousands, except per share figures)	Note		2000		1999		1998
				Years ended July 31			
Sales	18	$	**1,045,615**	$	901,427	$	656,175
Cost of goods sold	18		**818,927**		720,031		504,153
Depreciation and amortization			**53,304**		40,479		36,165
Selling, general and administrative			**60,544**		60,170		47,005
Interest expense, net	9, 18		**5,670**		411		7,187
Amortization of discount on Convertible Series Preferred Shares	10		**5,880**		5,639		3,631
Affiliation fees and other charges	18		**17,023**		14,771		11,763
Non-recurring start-up costs	18		**–**		2,728		–
Operating income			**84,267**		57,198		46,271
Equity income	2		**10,873**		9,003		2,745
Income before income taxes and minority interest			**95,140**		66,201		49,016
Income taxes	8		**39,752**		25,432		18,448
Minority interest			**(3,701)**		(865)		1,261
Net income			**59,089**		41,634		29,307
Dividends on Convertible Series Preferred Shares, net of return of capital	10		**(2,639)**		(2,838)		(1,114)
Net income attributable to Class A Subordinate Voting Shares and Class B Shares			**56,450**		38,796		28,193
Retained earnings, beginning of year	14		**56,600**		24,704		54,444
Dividends on Class A Subordinate Voting Shares and Class B Shares	11		**(9,056)**		(6,900)		(1,293)
Magna's net investment, beginning of year	14		**–**		–		196,250
Net distribution to Magna			**–**		–		(252,890)
Retained earnings, end of year		$	**103,994**	$	56,600	$	24,704
Earnings per Class A Subordinate Voting Share or Class B Share							
Basic	11	$	**1.31**	$	0.90	$	0.77
Fully diluted	11	$	**1.11**	$	0.81	$	0.71
Average number of Class A Subordinate Voting Shares and Class B Shares outstanding (in millions)							
Basic	11		**43.1**		43.1		36.6
Fully diluted	11		**59.2**		59.2		46.6

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian dollars in thousands)	Note	2000	1999	1998
			Years ended July 31	
Cash provided from (used for):				
Operating Activities				
Net income		**$ 59,089**	$ 41,634	$ 29,307
Items not involving current cash flows	16	**58,564**	41,636	44,342
		117,653	83,270	73,649
Changes in non-cash working capital	16	**(27,403)**	10,470	(5,460)
		90,250	93,740	68,189
Investing Activities				
Fixed asset additions		**(65,769)**	(129,541)	(124,027)
Acquisition of subsidiary net of cash and debt assumed	7	**–**	–	(27,741)
Increase in investments and other		**(3,092)**	(1,317)	(6,235)
Proceeds from sale of subsidiary	18	**–**	296	–
Proceeds from disposition of fixed assets		**283**	618	141
		(68,578)	(129,944)	(157,862)
Financing Activities				
Issuance of Class A Subordinate Voting Shares, net	11	**–**	–	103,661
(Decrease) increase in debt due to Magna		**(12,027)**	(27,795)	99,010
(Decrease) increase in bank indebtedness	9	**(8,666)**	27,629	13,655
Issues of long-term debt	9	**31,183**	39,831	24,471
Repayments of long-term debt	9	**(32,362)**	(14,999)	(53,015)
Net distribution to Magna		**–**	–	(7,587)
Dividends on Class A Subordinate Voting Shares and Class B Shares	11	**(9,056)**	(6,900)	(1,293)
Dividends on Convertible Series Preferred Shares	10	**(7,500)**	(7,500)	(3,000)
		(38,428)	10,266	175,902
Effect of exchange rate changes on cash and cash equivalents		**(353)**	(1,059)	2,023
Net (decrease) increase in cash and cash equivalents during the year		**(17,109)**	(26,997)	88,252
Cash and cash equivalents, beginning of year		**67,811**	94,808	6,556
Cash and cash equivalents, end of year		**$ 50,702**	$ 67,811	$ 94,808

See accompanying notes

1. Significant Accounting Policies

The significant accounting policies followed by the Company are set out under "Significant Accounting Policies" preceding these consolidated financial statements.

2. Investments

The Company's 40% investments in Decoma Exterior Trim Inc. ("Trimco") and Bestop, Inc. ("Bestop") are subject to shareholders agreements with Magna International Inc. ("Magna") which holds a 60% interest in each company. These agreements provide for restrictions on share transfers and rights of first refusal.

The Company's interest in Bestop was acquired in October 1996. The difference between cost and the underlying book value of the Company's investment in Bestop has been allocated to goodwill and fixed assets and the unamortized amount is approximately $13.3 million (1999 - $14.1 million).

The following are condensed combined balance sheets and statements of income of the Company's equity accounted investments in Trimco and Bestop:

Balance Sheets

(Canadian dollars in thousands)	**2000**	1999
Current assets	**$ 170,661**	$ 150,041
Fixed assets, net	**109,547**	85,540
Other	**2,195**	1,447
Total assets	**$ 282,403**	$ 237,028
Current liabilities	**$ 87,255**	$ 73,385
Long-term liabilities	**114,810**	107,853
Shareholders' investment	**80,338**	55,790
Total liabilities and shareholders' investment	**$ 282,403**	$ 237,028

Statements of Income

(Canadian dollars in thousands)	**2000**	1999	1998
Sales	**$ 722,182**	$ 642,489	$ 549,099
Cost of goods sold, expenses and income taxes	**691,772**	617,876	541,724
Net income	**$ 30,410**	$ 24,613	$ 7,375

3. Interests in Jointly Controlled Entities

The following is the Company's combined proportionate share of the major components of the financial statements of the jointly controlled entities in which the Company has a 51% interest (before eliminations):

Balance Sheets

(Canadian dollars in thousands)	**2000**	1999
Current assets	**$ 82,725**	$ 79,159
Long-term assets	**$ 128,076**	$ 117,160
Current liabilities	**$ 66,735**	$ 47,300
Long-term liabilities	**$ 25,641**	$ 37,042

Statements of Income

(Canadian dollars in thousands)	**2000**	1999	1998
Sales	**$ 367,321**	$ 318,470	$ 217,233
Cost of goods sold, expenses and income taxes	**351,149**	304,622	204,144
Net income	**$ 16,172**	$ 13,848	$ 13,089

Statements of Cash Flows

(Canadian dollars in thousands)	**2000**	1999	1998
Cash provided from (used for):			
Operating activities	**$ 32,982**	$ 27,343	$ 32,846
Investing activities	**$ (33,595)**	$ (34,746)	$ (14,648)
Financing activities	**$ (1,273)**	$ 10,822	$ (14,227)

Distribution of the Company's proportionate interest in the net income of certain of its jointly controlled entities is 50% annually, unless otherwise approved by both venturers. Distributions would be applied firstly to the repayment of outstanding shareholder loans, if any, and secondly to the payment of dividends on the issued and outstanding shares. At July 31, 2000, the Company's proportionate interest in restricted net assets totalled $118.4 million (1999 - $112.0 million).

4. Inventories

Inventories consist of:

(Canadian dollars in thousands)	**2000**	1999
Raw materials and supplies	**$ 18,373**	$ 15,027
Work-in-process	**9,532**	11,709
Finished goods	**11,926**	9,977
Tooling	**43,598**	34,165
	$ 83,429	$ 70,878

5. Fixed Assets

Fixed assets consist of:

(Canadian dollars in thousands)	**2000**	1999
Land	**$ 18,136**	$ 18,204
Buildings	**120,913**	114,920
Machinery and equipment	**558,108**	513,148
	697,157	646,272
Accumulated depreciation (1)	**292,025**	246,548
	405,132	399,724
Deferred preproduction costs, net	**7,429**	5,653
	$ 412,561	$ 405,377

Notes:

(1) Accumulated depreciation includes $32.4 million for buildings (1999 - $27.2 million) and $259.6 million for machinery and equipment (1999 - $219.3 million).

(2) Included in the cost of fixed assets are construction in progress expenditures of $27.0 million (1999 - $27.6 million).

(3) Interest capitalized on construction in progress during the year amounted to $0.5 million (1999 - $4.5 million).

6. Notes Receivable

In connection with the Company's initial public offering in 1998, the Company provided non-interest bearing loans to qualifying employees who acquired not less than 100 nor more than 200 of such shares. The loans are evidenced by promissory notes and are being repaid by payroll deduction over a maximum thirty month period.

Of the total notes receivable of $0.2 million (1999 - $1.0 million), the portion receivable within one year of $0.2 million (1999 - $0.6 million) has been included in accounts receivable and the balance is included in other assets.

7. Business Acquisition

In August 1997, the Company acquired 70% of Decomex Inc. ("Decomex") for cash consideration of $27.7 million. Decomex was formed to acquire the operations and assets of Moldes Para Plastico Ayareb, S.A. de C.V., the largest independent manufacturer of fascias in Mexico. In addition, Decomex also acquired the shares of two related real estate holding companies which own the land and buildings from which the operations are conducted. The results of operations are included in the Company's consolidated financial statements from the date of acquisition and the net effect of the transaction was as follows:

(Canadian dollars in thousands)	
Non-cash working capital	$ (4,417)
Fixed assets, net	72,273
Long-term debt (including portion due within one year)	(28,225)
Net assets	39,631
Minority interest	(11,890)
Total purchase price	$ 27,741

8. Income Taxes

a) The provision for income taxes differs from the expense that would be obtained by applying Canadian statutory rates as a result of the following:

	2000	1999	1998
Canadian statutory income tax rate	**44.4%**	44.6%	44.6%
Manufacturing and processing profits deduction	**(9.0)**	(9.0)	(9.0)
Expected income tax rate	**35.4**	35.6	35.6
Earnings of equity investees	**(4.2)**	(4.8)	(2.0)
Amortization of discount on Convertible Series Preferred Shares	**2.2**	3.0	2.6
Foreign rate differentials	**0.8**	0.4	1.4
Start-up costs and losses not benefited	**4.4**	2.5	–
Reversal of tax losses previously benefited	**2.4**	–	–
Other	**0.8**	1.7	–
Effective income tax rate	**41.8%**	38.4%	37.6%

b) The details of the income tax provision are as follows:

(Canadian dollars in thousands)	**2000**	1999	1998
Current provision:			
Canadian federal taxes	**$ 15,018**	$ 14,226	$ 7,485
Provincial taxes	**9,175**	8,683	4,568
Foreign taxes	**6,879**	6,911	5,209
	31,072	29,820	17,262
Deferred provision:			
Canadian federal taxes	**(266)**	(1,041)	367
Provincial taxes	**(163)**	(636)	224
Foreign taxes	**9,109**	(2,711)	595
	8,680	(4,388)	1,186
	$ 39,752	$ 25,432	$ 18,448

c) Deferred income taxes have been provided on timing differences which consist of the following:

(Canadian dollars in thousands)	**2000**	1999	1998
Preproduction and contract costs, capitalized for accounting (net of amortization), deducted for tax	**$ 19**	$ 271	$ 1,565
Book depreciation in excess of tax depreciation	**3,881**	489	83
Tax losses benefited	**2,182**	(2,973)	–
Reversal of tax losses previously benefited	**2,239**	–	–
Other	**359**	(2,175)	(462)
	$ 8,680	$ (4,388)	$ 1,186

d) Income taxes paid in cash were $36.5 million in fiscal 2000 (1999 - $26.7 million; 1998 - $12.5 million).

e) At July 31, 2000, the Company has income tax loss carryforwards of approximately $20 million which relate to certain foreign subsidiaries, the tax benefits of which have not been recognized in the consolidated financial statements. Of the total losses, $17 million expire between 2009 and 2010 and the remainder have no expiry date.

9. Debt and Commitments

a) The Company's long-term debt consists of the following:

(Canadian dollars in thousands)	2000	1999
Bank term debt denominated primarily in Canadian dollars (1)	**$ –**	$ 13,005
Bank term debt denominated in Belgian Francs (2)	**18,476**	15,451
Bank term debt denominated in U.S. dollars (3)	**17,866**	12,030
	36,342	40,486
Less due within one year	**831**	13,722
	$ 35,511	$ 26,764

Notes:
(1) The unsecured bank term debt matured April 15, 2000.
(2) The unsecured bank term debt bears interest at EURIBOR plus 0.1%, is repayable on a quarterly basis over the next four years and matures on March 1, 2004.
(3) The unsecured bank term debt bears interest at rates ranging from 8.33% to 8.68%. This term debt has been classified as long term as it is subject to annual renewal and it is management's intention to continue revolving the facility.

b) Future principal repayments on long-term debt are estimated to be as follows:

(Canadian dollars in thousands)	
2001	831
2002	4,668
2003	4,605
2004	2,652
2005	1,996
Thereafter	21,590
	$ 36,342

c) The Company has unsecured operating lines of credit, which bear interest at rates not exceeding the bank's prime rate, totalling $52 million and term lines of credit totalling $70 million. The unused available operating lines of credit at July 31, 2000 were approximately $34 million and term lines of credit of approximately $70 million.

At July 31, 2000, on a proportionate basis, the Company's jointly controlled entities had unsecured operating lines of credit, which bear interest at rates not exceeding the bank's prime rate, totalling $50 million and term lines of credit totalling $56 million. The Company's jointly controlled entities had unused and available operating lines of credit of approximately $35 million and term lines of credit of approximately $34 million.

d) The Company's debt due to Magna consists of the following:

(Canadian dollars in thousands)	2000	1999
Notes payable denominated primarily in both Canadian and U.S. dollars (1)	**$ 1,368**	$ 3,011
Notes payable denominated primarily in U.S. dollars (2)	**38,912**	50,389
	40,280	53,400
Less due within one year	**40,280**	14,096
	$ –	$ 39,304

Notes:
(1) The unsecured notes payable consist of both Canadian and U.S. dollar notes. The Canadian notes bear interest at rates not exceeding the bank's prime rate. The U.S. notes bear interest at the bank's U.S. prime rate minus 1%. The notes are repayable over the next fiscal year.
(2) The unsecured notes payable, which bear interest at the bank's U.S. prime rate minus 1%, are repayable in installments over the next fiscal year and mature on June 30, 2001.

e) Net interest expense includes:

(Canadian dollars in thousands)	2000	1999	1998
Interest expense			
Current	**$ 2,309**	$ 3,084	$ 1,134
Long-term	**2,032**	1,046	2,633
Intercompany to Magna and affiliates	**3,848**	4,893	10,070
	8,189	9,023	13,837
Less: Interest capitalized	**(479)**	(4,460)	(3,814)
	7,710	4,563	10,023
Interest income	**(2,040)**	(4,152)	(2,836)
Net interest expense	**$ 5,670**	$ 411	$ 7,187

f) At July 31, 2000, the Company had commitments under operating leases requiring future annual rental payments as follows:

(Canadian dollars in thousands)	
2001	$ 7,569
2002	6,904
2003	6,561
2004	5,403
2005	5,348
Thereafter	4,050
	$ 35,835

In fiscal 2000, operating lease expense amounted to approximately $8.4 million (1999 - $7.8 million; 1998 - $3.4 million).

g) As at July 31, 2000, the Company has commitments to purchase fixed assets of approximately $20.0 million.

10. Convertible Series Preferred Shares

The Company is authorized to issue and has outstanding the following Convertible Series Preferred Shares:

	Number of Shares	
	2000	1999
Preferred Shares, Series 1	**500,000**	500,000
Preferred Shares, Series 2	**500,000**	500,000
Preferred Shares, Series 3	**500,000**	500,000

These shares have the following attributes:
- carrying value of $100 per share
- 5% preferential non-cumulative cash dividend per annum, payable on a fiscal quarterly basis
- retractable at their carrying value by the holders thereof after July 31, 2000 in the case of the Preferred Shares, Series 1; after July 31, 2001 in the case of the Preferred Shares, Series 2; and after July 31, 2002 in the case of the Preferred Shares, Series 3
- redeemable at their carrying value and subject to purchase for cancellation by the Company commencing August 1, 2003
- convertible into Class A Subordinate Voting Shares at a price of $10.07 per share.

The Convertible Series Preferred Shares were issued to Magna on December 7, 1997 in satisfaction of $150 million of the Company's indebtedness to Magna.

For purposes of accounting for the Convertible Series Preferred Shares, three key attributes of these shares were valued as of their date of issuance and are presented separately in the Company's consolidated financial statements. These three key attributes are:
(1) the retraction of the Convertible Series Preferred Shares at their carrying value by the holders;
(2) the non-cumulative cash dividend payable in respect of the Convertible Series Preferred Shares; and
(3) the ability to convert the Convertible Series Preferred Shares into Class A Subordinate Voting Shares at a fixed price.

The retraction attribute is a liability of the Company and is presented as long-term debt because it is at the option of the holder. The non-cumulative nature of the dividend means that it is dissimilar to an interest payment on debt and, therefore, the long-term debt is presented as the net present value of (i.e., at a discount to) the carrying value which becomes payable, at the option of the holder, on the dates indicated above. The resultant discount is amortized to income systematically from the date of issuance until the date of retraction for each series of the Convertible Series Preferred Shares.

The non-cumulative dividend, for reasons indicated above, is not considered debt-related. However, because holders of the Convertible Series Preferred Shares expect to receive dividends and it was the Company's expectation, at the date of issuance, to pay dividends, there is a value to the expected stream of dividend payments. The net present value of this expected dividend stream has, therefore, been presented as equity. As dividends are declared, a systematically calculated portion of the dividend is shown as a return of capital and is deducted from the amount presented as equity. The dividends on the Convertible Series Preferred Shares as presented in the consolidated statements of income and retained earnings reflect the actual dividend declared net of the amount considered a return of capital.

The third attribute, the conversion feature, is similar to a stock warrant in that it provides holders with the option to exchange their Convertible Series Preferred Shares for Class A Subordinate Voting Shares at a fixed price. The residual approach was used to value this attribute, and this amount is classified as equity in a manner consistent with accounting for stock purchase warrants.

The portion of the Convertible Series Preferred Shares classified as long-term debt, and the amounts reflected as amortization of discount on Convertible Series Preferred Shares are as follows:

(Canadian dollars in thousands)	Preferred Shares Series 1	Series 2	Series 3	Total
Issuance on December 7, 1997	$ 44,913	$ 42,891	$ 40,848	$ 128,652
Amortization of discount	1,221	1,213	1,197	3,631
Balance, July 31, 1998	46,134	44,104	42,045	132,283
Amortization of discount	1,894	1,884	1,861	5,639
Balance, July 31, 1999	48,028	45,988	43,906	137,922
Amortization of discount	1,972	1,964	1,944	5,880
Balance, July 31, 2000	$ 50,000	$ 47,952	$ 45,850	$ 143,802

The portion of the Convertible Series Preferred Shares included in shareholders' equity is as follows:

(Canadian dollars in thousands)	**2000**	1999
Warrant portion (relating to conversion feature)	**$ 3,514**	$ 3,514
Dividend stream portion (relating to non-cumulative dividends)	**6,425**	11,286
	$ 9,939	$ 14,800

11. Capital Stock

a) Class A Subordinate Voting Shares and Class B Shares

Class A Subordinate Voting Shares without par value (unlimited amount authorized) are entitled to one vote per share at all meetings of shareholders and shall participate equally as to cash dividends with each Class B Share.

Class B Shares without par value (unlimited amount authorized) are entitled to 20 votes per share at all meetings of shareholders, shall participate equally as to cash dividends with each Class A Subordinate Voting Share and may be converted at any time into fully-paid Class A Subordinate Voting Shares on a one-for-one basis.

In the event that either the Class A Subordinate Voting Shares or the Class B Shares are subdivided or consolidated, the other class shall be similarly changed to preserve the relative position of each class.

Outstanding Class A Subordinate Voting Shares and Class B Shares included in shareholders' equity for 2000 and 1999 consist of :

(Canadian dollars in thousands)	Class A Subordinate Voting Shares		Class B Shares	
	Number of shares	Consideration	Number of shares	Consideration
Issuance of Class B Shares on the reorganization of the Company December 7, 1997			31,909,091	$ 95,303
Initial public offering (1)	11,218,316	$ 103,661		
Balance	11,218,316	$ 103,661	31,909,091	$ 95,303

Note:
(1) Details of the proceeds from the 1998 initial public offering of Class A Subordinate Voting Shares are as follows:

(Canadian dollars in thousands)		
Total proceeds on 11,218,316 shares at $9.50 per share	$	106,574
Underwriters' fee		(1,974)
Other expenses of the issue		(2,281)
Tax savings in respect of above fee and expenses		1,342
Net proceeds	$	103,661

b) Incentive Stock Options

Under the 1998 Incentive Stock Option Plan adopted by the Company on March 2, 1998, the Company may grant options to purchase Class A Subordinate Voting Shares to present and future officers, directors, other full-time employees or consultants of the Company. The maximum number of shares reserved to be issued for options is 4,100,000. The number of reserved but unoptioned shares at July 31, 2000 is 2,673,750 (1999 - 2,930,000).

All options granted are for a term of no more than ten years from the date of the grant. The options granted under Tranche 1 vest 12 1/2% on the grant date, 12 1/2% on July 31, 1998 and 12 1/2% on each of the following six fiscal year ends. The options granted under Tranche 2 vest 33 1/3% on the grant date and 16 2/3% on each of the following four anniversaries of the grant. The options granted under Tranche 3 vest 37 1/2% on July 31, 1999 and 12 1/2% on each of the following five fiscal year ends. The options granted under Tranche 4 vest 20% on the grant date and 20% on each of the following four anniversaries of the grant. The options granted under Tranche 5 vest 60% on the grant date and 20% on each of December 31, 2000 and December 31, 2001.

The following is a continuity schedule of options outstanding:

	Number	Weighted Average Exercise Price	Options Exercisable
Granted	1,130,000	$ 12.19	
Vested			345,000
Outstanding at July 31, 1998	1,130,000	12.19	345,000
Granted	40,000	11.55	
Vested			187,500
Outstanding at July 31, 1999	1,170,000	12.17	532,500
Granted	275,000	11.06	
Cancelled	(18,750)	9.50	
Vested			256,750
Outstanding at July 31, 2000	1,426,250	$ 11.99	789,250

At July 31, 2000, the outstanding options consist of the following:

	Exercise Price	Number	Remaining Contractual Life	Options Exercisable
Tranche 1	$ 9.50	361,250	4.0	186,250
Tranche 2	$ 13.55	750,000	1.9	500,000
Tranche 3	$ 11.55	40,000	4.0	20,000
Tranche 4	$ 11.00	205,000	3.8	41,000
Tranche 5	$ 11.25	70,000	1.4	42,000
		1,426,250		789,250
Weighted average exercise price		$ 11.99		$ 12.29
Weighted average remaining contractual life			2.7	

c) Maximum Number of Shares

The following table presents the maximum number of shares that would be outstanding if all the outstanding options and Convertible Series Preferred Shares issued and outstanding at July 31, 2000 were exercised or converted.

	Number of Shares
Class A Subordinate Voting Shares outstanding at July 31, 2000	11,218,316
Class B Shares outstanding at July 31, 2000	31,909,091
Options to purchase Class A Subordinate Voting Shares	1,426,250
Preferred Shares, Series 1, convertible at $10.07 per share	4,965,243
Preferred Shares, Series 2, convertible at $10.07 per share	4,965,243
Preferred Shares, Series 3, convertible at $10.07 per share	4,965,243
	59,449,386

d) Basic Earnings Per Share

Earnings per Class A Subordinate Voting Share or Class B Share have been calculated using the weighted average number of Class A Subordinate Voting Shares outstanding during the year, plus the weighted average number of Class B Shares outstanding during the year.

e) Fully Diluted Earnings Per Share

The calculation of fully diluted earnings per share assumes that, if a dilutive effect is produced, all Convertible Series Preferred Shares had been converted, and all outstanding options had been exercised at the later of the beginning of the year and the issue date. There is an allowance for imputed earnings equal to the amortization of the discount on the Convertible Series Preferred Shares, plus the dividends declared less the portion considered a return of capital and imputed after-tax earnings on the proceeds that would be received through the assumed exercise of the stock options based on an assumed after-tax rate of return of 4.3% for the year ended July 31, 2000 (1999 - 3.9%; 1998 - 4.5%).

f) Dividends

Dividends declared and paid on the outstanding Class A Subordinate Voting Shares and Class B Shares aggregated $9.1 million in 2000 (1999 - $6.9 million; 1998 - $1.3 million). In connection with the reorganization of the Company on December 7, 1997 the Company paid a series of dividends aggregating $56.6 million to Magna in 1998 (see "Net Distribution to Magna" on the Consolidated Statements of Income).

12. Financial Instruments

a) Fair Value

The methods and assumptions used to estimate the fair value of financial instruments are described below.

Cash and cash equivalents, accounts receivable, accounts receivable from related parties, bank indebtedness, accounts payable and accrued liabilities

Due to the short period to maturity of the instruments, the carrying values as presented in the consolidated balance sheets are reasonable estimates of their fair value.

Investments

Fair value information is not readily available. However, management believes the market value to be in excess of the carrying value of investments.

Long-term debt

The fair value of the Company's long-term debt (including the debt portion of the Convertible Series Preferred Shares) based on current rates for debt with similar terms and maturities, is not materially different from its carrying value.

b) Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable.

Cash and cash equivalents which consists of short-term investments, including commercial paper, is only invested in governments and corporations with an investment grade credit rating. Credit risk is further reduced by limiting the amount which is invested in any one government or corporation.

The Company, in the normal course of business, is exposed to credit risk from its customers, substantially all of which are in the automotive industry.

The Company is also exposed to credit risk from the potential default by any of its counterparties on its foreign exchange forward contracts. The Company mitigates this credit risk by dealing with counterparties who are major financial institutions and which the Company anticipates will satisfy their obligations under the contracts.

c) Interest Rate Risk

The following table summarizes the Company's exposure to interest rate risk as at July 31, 2000:

(Canadian dollars in thousands)	Floating Rate	Fixed interest rate maturing in 1 to 3 years	Non-interest bearing	Total
Financial assets:				
Cash and cash equivalents	$ 50,702	$ –	$ –	$ 50,702
Accounts receivable and all other receivables	–	–	118,345	118,345
Financial liabilities:				
Bank indebtedness	(20,821)	–	–	(20,821)
Accounts payable and all other accrued liabilities and payables	–	–	(124,358)	(124,358)
Long-term debt	(36,342)	–	–	(36,342)
Long-term debt due to Magna	(40,280)	–	–	(40,280)
Convertible Series Preferred Shares	–	(143,802)	–	(143,802)
	$ (46,741)	$ (143,802)	$ (6,013)	$ (196,556)
Average fixed rate of long-term debt		5%		

d) Foreign Exchange Risk

The Company operates in North America and Europe, which gives rise to a risk that its earnings, cash flows and shareholders' equity may be adversely impacted by fluctuations in foreign exchange in three principal foreign currencies. The impact on earnings is limited in part as exchange gains or losses arising on

the translation of the accounts of all foreign subsidiaries are deferred as a separate component of shareholders' equity. The Company makes limited use of foreign exchange contracts to manage foreign exchange risk from its underlying customer and supplier contracts. Any gains and losses on these hedging instruments are recognized in the same period as, and part of, the hedged transaction. The Company does not enter into foreign exchange contracts for speculative purposes.

At July 31, 2000, the Company had outstanding foreign exchange forward contracts representing commitments to buy U.S. $10.5 million in exchange for Canadian dollars at a weighted average exchange rate of 1.463 and to sell GBP 12.7 million in exchange for Euro at a weighted average exchange rate of 1.522. Based on forward foreign exchange rates as at July 31, 2000 for contracts with similar remaining terms to maturity, the unrecognized net losses related to the Company's foreign exchange forward contracts are approximately $0.6 million.

13. Currency Translation Adjustment

The following is a continuity schedule of the currency translation adjustment account included in shareholders' equity:

(Canadian dollars in thousands)	**2000**	1999
Balance, beginning of year	**$ 17,384**	$ 11,648
Translation adjustments	**(3,045)**	5,736
Balance, end of year	**$ 14,339**	$ 17,384

Unrealized translation adjustments, which arise on the translation to Canadian dollars of assets and liabilities of the Company's self-sustaining foreign operations, resulted in an unrealized currency translation loss of $3.0 million (1999 - gain of $5.7 million).

14. Magna's Net Investment

The comparative figures on the Consolidated Statements of Income and Retained Earnings show Magna's net investment which comprises the accumulated earnings of the Company, contributions by Magna less distributions to Magna and the currency translation adjustment. In 1998, as a result of the reorganization of the Company which occurred on December 7, 1997, certain components of Magna's net investment were reclassified to shareholders' equity. As a result, Magna's net investment at July 31, 1997 was restated as follows:

(Canadian dollars in thousands)	
Magna's net investment, July 31, 1997	$ 259,586
Retained earnings, July 31, 1997	(54,444)
Currency translation adjustment, July 31, 1997	(8,892)
Restated Magna's net investment, July 31, 1997	$ 196,250

15. Research and Development

Research and development expenditures, net of amounts funded by governments or customers, for fiscal 2000 were $20.1 million (1999 - $19.1 million; 1998 - $8.4 million).

16. Details of Cash from Operating Activities

a) Items not involving current cash flows:

(Canadian dollars in thousands)	**2000**	1999	1998
Depreciation and amortization	**$ 53,304**	$ 40,479	$ 36,165
Deferred income taxes	**8,680**	(4,388)	1,186
Equity income	**(10,873)**	(9,003)	(2,745)
Minority interest	**(3,701)**	(865)	1,261
Amortization of discount on Convertible Series Preferred Shares	**5,880**	5,639	3,631
Other	**5,274**	9,774	4,844
	$ 58,564	$ 41,636	$ 44,342

b) Changes in non-cash working capital:

(Canadian dollars in thousands)	**2000**	1999	1998
Accounts receivable	**$ (2,396)**	$ (9,382)	$ (19,062)
Inventories	**(12,551)**	1,170	(21,882)
Prepaid expenses and other	**1,154**	1,486	1,546
Accounts payable and other accrued liabilities	**(6,386)**	1,155	34,202
Accrued salaries and wages	**1,622**	10,348	(1,012)
Income taxes payable	**(8,941)**	6,082	3,460
Accounts receivable from related companies	**95**	(389)	(2,712)
	$ (27,403)	$ 10,470	$ (5,460)

17. Segmented Information

Decoma follows a corporate policy of functional and operational decentralization. It conducts its operations through divisions which function as autonomous operating units. As at July 31, 2000, the Company had 14 production and engineering facilities operating in 5 countries. Divisional operating results and each division's annual business plan and capital spending budget are reviewed by executive management, including the Company's President and Chief Executive Officer.

Management reviews the operating results of the Company along two primary segments; namely, directly controlled and jointly controlled. Each segment is defined as follows:

Directly Controlled

Operating divisions in this segment are those over which the chief operating decision maker of the Company and his management team have direct responsibility for the key operating, financing and resource allocation decisions.

Jointly Controlled

Operating divisions in this segment are operated in co-operation with other investors. Decisions affecting the key operating, financing and resource allocations of these divisions are made pursuant to operating agreements with the co-venturers.

a) The following tables show certain information with respect to segment disclosures:

(Canadian dollars in thousands)	**2000** Directly Controlled	Jointly Controlled	Corporate and Other(1)	Total
Sales	**$ 712,175**	**$ 367,321**	**$ (33,881)**	**$ 1,045,615**
Income before income taxes and minority interest	**$ 65,799**	**$ 26,763**	**$ 2,578**	**$ 95,140**
Total assets	**$ 425,951**	**$ 210,801**	**$ 96,152**	**$ 732,904**

(Canadian dollars in thousands)	1999 Directly Controlled	Jointly Controlled	Corporate and Other(1)	Total
Sales	$ 604,397	$ 318,470	$ (21,440)	$ 901,427
Income (loss) before income taxes and minority interest	$ 44,035	$ 22,850	$ (684)	$ 66,201
Total assets	$ 445,379	$ 196,319	$ 78,107	$ 719,805

(Canadian dollars in thousands)	1998 Directly Controlled	Jointly Controlled	Corporate and Other(1)	Total
Sales	$ 455,963	$ 217,233	$ (17,021)	$ 656,175
Income (loss) before income taxes and minority interest	$ 34,115	$ 20,783	$ (5,882)	$ 49,016
Total assets	$ 391,496	$ 167,400	$ 122,998	$ 681,894

Note:

(1) Included in Corporate and Other income before income taxes and minority interest for the year ended July 31, 2000 is equity income of $10.9 million (1999 - $9.0 million; 1998 - $2.7 million). Also included in Corporate and Other income before income taxes and minority interest are intercompany fees and interest charged to the other segments.

b) Substantially all revenue is derived from sales to the North American facilities of the major automobile manufacturers. In fiscal 2000, sales to the Company's three largest customers amounted to 30%, 22% and 36% (1999 - 32%, 27% and 25%; 1998 - 34%, 25% and 21%) of total sales, respectively.

c) In fiscal 2000, exports from Canadian facilities were $214.2 million (1999 - $206.4 million; 1998 - $152.8 million), substantially all of which were to the United States. Export sales of the other geographic segments are not significant.

d) Income before income taxes from foreign operations for fiscal 2000 amounted to $21.9 million (1999 - $4.9 million; 1998 - $15.7 million).

e) The following table shows certain information with respect to geographic segmentation:

(Canadian dollars in thousands)	**2000** Canada	United States	Mexico and Other	Total
Sales	**$ 550,666**	**$ 422,589**	**$ 72,360**	**$ 1,045,615**
Fixed assets, net	**$ 115,596**	**$ 188,132**	**$ 108,833**	**$ 412,561**

(Canadian dollars in thousands)	1999 Canada	United States	Mexico and Other	Total
Sales	$ 513,599	$ 302,874	$ 84,954	$ 901,427
Fixed assets, net	$ 117,397	$ 189,416	$ 98,564	$ 405,377

(Canadian dollars in thousands)	1998 Canada	United States	Mexico and Other	Total
Sales	$ 402,419	$ 172,999	$ 80,757	$ 656,175
Fixed assets, net	$ 125,358	$ 156,861	$ 77,378	$ 359,597

18. Transactions With Related Parties

(Canadian dollars in thousands)	**2000**	1999	1998
Interest, affiliation fees, rent and other charges by Magna and affiliates	**$ 24,660**	$ 18,739	$ 19,773
Sales of materials to Magna and affiliates	**$ 42,845**	$ 26,772	$ 21,042
Purchases of materials from Magna and affiliates	**$ 20,605**	$ 16,921	$ 10,999

The Company is party to an affiliation agreement with Magna that provides for the payment by the Company of an affiliation fee and certain other negotiated charges in exchange for, among other things, Magna granting the Company a non-exclusive world-wide license to use certain Magna trademarks, and Magna providing certain management and administrative services to the Company. The affiliation fee is based on the sum of certain specified percentages of sales and the pre-tax profits before profit sharing (after adjustments to add back certain amounts specified in the agreement) of the Company and its subsidiary entities and joint ventures in which it has an equity interest, less any fees paid to other Magna affiliates for providing, instead of Magna, benefits or services to the Company. Transactions with Magna and affiliates are effected on normal commercial terms.

Pursuant to the Company's Corporate Constitution, 10% of the Company's employee pre-tax profits before profit sharing for any fiscal year is required to be allocated to an employee equity participation and profit sharing program (the "Decoma EPSP") consisting of the Decoma deferred profit sharing plan and a cash distribution to eligible employees of the Company. The Company's portion of the costs associated with the Decoma EPSP in fiscal 2000 and 1999 have been expensed in the Consolidated Statements of Income. In the prior years, the Company participated in the Magna plan and the Company's portion of

the costs associated with the plan were expensed in the Consolidated Statement of Income.

On July 30, 1999, the Company entered into an agreement with Magna to sell 100% of the Company's interest in its Brazilian subsidiary. The Brazilian subsidiary manufactured and supplied plastic parts and components for the Mercedes Benz A Class vehicle manufactured in Juiz de Fora, Brazil. Under the terms of the agreement, Decoma was reimbursed for various costs incurred on the start-up of the operation and Magna assumed all assets and liabilities of the Brazilian operation. The net proceeds received from Magna for the Company's investment was $9.4 million. Costs incurred on the start-up of the Brazilian operation exceeded the proceeds received by $2.7 million and are shown as a separate line on the Consolidated Statement of Income for the year ended July 31, 1999.

19. Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

20. United States Generally Accepted Accounting Principles

The Company's consolidated financial statements are prepared using accounting policies generally accepted in Canada ("Canadian GAAP") which conform with accounting principles generally accepted in the United States ("United States GAAP") except for the following:

a) Deferred Taxes

Under United States GAAP the income tax provision would be calculated using the liability rate method.

b) Earnings Per Share

The calculation of basic earnings per share would be calculated using the weighted average number of common shares outstanding during the year. The calculation of diluted earnings per share requires the use of the treasury stock method to calculate the weighted average number of outstanding shares, if there is a dilutive effect on the assumed exercise of stock options. The difference between the number of fully diluted shares outstanding under Canadian GAAP and diluted shares outstanding under United States GAAP is entirely attributable to the differing treatment of stock options.

c) Employee Share Loans

Loans to employees which were provided for the purpose of purchasing Class A Subordinate Voting Shares would be shown as a reduction of the Class A Subordinate Voting Shares.

d) Financial Instruments

Under United States GAAP, the Company would not have accounted for the Convertible Series Preferred Shares as part equity and part debt based on their three key attributes as required under Canadian GAAP. Under Canadian GAAP, the dividend on the Convertible Series Preferred Shares is presented net of an assumed return of capital and the discount on the portion of the Convertible Series Preferred Shares classified as debt is amortized to income. Under United States GAAP, the entire dividend is presented on the consolidated statements of income and because the financial instrument would be recorded at its face value as debt, no amounts would be reflected as a return of capital, nor would any discount be amortized to the consolidated statements of income.

e) Deferred Preproduction Costs

Under United States GAAP, the Company would have expensed all preproduction costs as incurred.

f) Joint Ventures

The Company has certain interests in jointly controlled entities which have been proportionately consolidated in the Company's consolidated financial statements. For purposes of United States GAAP, these interests would be accounted for by the equity method. Net income and retained earnings under United States GAAP are not impacted by the proportionate consolidation of these interests in jointly controlled entities.

g) Cash Flows

The consolidated statements of cash flows prepared in accordance with Canadian GAAP conform with United States GAAP in all material respects except for the impact of proportionate consolidation.

h) Statements of Income

The following table presents net income and earnings per share information following United States GAAP:

(Canadian dollars in thousands, except per share figures)	2000	1999	1998
Net income attributable to Class A Subordinate Voting Shares and Class B Shares under Canadian GAAP	**$ 56,450**	$ 38,796	$ 28,193
Adjustments:			
Amortization of discount on Convertible Series Preferred Shares	**5,880**	5,639	3,631
Return of capital on Convertible Series Preferred Shares	**(4,861)**	(4,662)	(1,886)
Income tax provision adjustment under the liability rate method	**(153)**	329	(168)
Deferred pre-production and contract costs	**(26)**	(7,337)	(1,033)
Net income attributable to Class A Subordinate Voting Shares and Class B Shares under United States GAAP	**$ 57,290**	$ 32,765	$ 28,737

Earnings per Class A Subordinate Voting Share or Class B Share			
Basic	**$ 1.33**	$ 0.76	$ 0.79
Diluted	**$ 1.14**	$ 0.72	$ 0.62

Weighted average number of Class A Subordinate Voting Shares and Class B Shares outstanding during the year *(in millions)*			
Basic	**43.1**	43.1	36.6
Diluted	**57.9**	58.0	46.3

i) Balance Sheet

Deferred income taxes under United States GAAP consist of the following temporary differences:

(Canadian dollars in thousands)	2000	1999
Tax depreciation in excess of book depreciation	**$ 27,654**	$ 18,208
Tax losses and share issue costs	**(3,225)**	(4,888)
Other	**1,752**	1,599
	$ 26,181	$ 14,919

The following table presents shareholders' equity under United States GAAP:

(Canadian dollars in thousands)	2000	1999
Class A Subordinate Voting Shares	**$ 103,470**	$ 102,773
Class B Shares	**95,303**	95,303
Retained earnings	**99,514**	51,280
Accumulated other comprehensive income	**14,339**	17,384
	$ 312,626	$ 226,740

j) Comprehensive Income

The following table presents comprehensive income under United States GAAP:

(Canadian dollars in thousands)	2000	1999	1998
Net income attributable to Class A Subordinate Voting Shares and Class B Shares under United States GAAP	**$ 57,290**	$ 32,765	$ 28,737
Adjustments:			
Unrealized foreign exchange (losses) gains on translation of self-sustaining foreign operations	**(3,045)**	5,736	2,756
Comprehensive income attributable to Class A Subordinate Voting Shares and Class B Shares under United States GAAP	**$ 54,245**	$ 38,501	$ 31,493

k) Stock Based Compensation

The Company continues to measure compensation cost related to awards of stock options using the intrinsic value based method of accounting as prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees" as permitted by SFAS 123. In this instance, however, under SFAS 123 "Accounting for Stock Based Compensation", the Company is required to make proforma disclosures of net income attributable to Class A Subordinate Voting Shares and Class B Shares and basic and diluted earnings per Class A Subordinate Voting Share or Class B Share as if the fair value method of accounting had been applied.

The fair value of the stock options is estimated at the date of grant using the Black Scholes option valuation pricing model with the following weighted average assumptions:

	2000	1999
Risk free interest rate	**6.5%**	5.2%
Expected dividend yield	**1.7%**	1.7%
Expected volatility	**29%**	26%
Expected life of options (years)	**5**	6

The Black Scholes option valuation model used by the Company to determine fair values, as well as other currently accepted option valuation models were developed for use in estimating the fair value of freely traded options which are fully transferable and have no vesting restrictions. In addition, this model requires the input of highly subjective assumptions, including future stock price volatility and expected time until exercise. Because the Company's outstanding stock options have characteristics which are significantly different from those of traded options, and because changes in any of the assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

However, for purposes of proforma disclosures, the Company's net income attributable to Class A Subordinate Voting Shares and Class B Shares and basic and diluted earnings per Class A Subordinate Voting Share or Class B Share would have been:

(Canadian dollars in thousands, except per share figures)	**2000**	1999
Proforma net income attributable to Class A Subordinate Voting Shares and Class B Shares	**$ 56,193**	$ 32,021
Proforma earnings per Class A Subordinate Voting Share or Class B Share		
Basic	**$ 1.30**	$ 0.74
Diluted	**$ 1.12**	$ 0.70

For 1998, there would have been no material impact on net income attributable to Class A Subordinate Voting Shares and Class B Shares or on earnings per share.

l) Interest Paid

Interest paid in cash was $7.1 million for 2000 (1999 - $4.8 million; 1998 - $9.8 million).

m) Recently Issued Pronouncements

Under Staff Accounting Bulletin 74, the Company is required to disclose certain information related to new accounting standards which have not yet been adopted due to delayed effective dates.

FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by FASB Statements No. 137 and 138, is effective for fiscal periods beginning after June 15, 2000. Based on the Company's derivative positions at July 31, 2000 (see Note 12), the impact of adoption at August 1, 2000 for the Company's foreign exchange forward contracts is not material to its financial statements. The Company has not yet completed its review of contracts for embedded derivatives. Embedded derivatives, if any, will be recorded as assets or liabilities at their fair value at August 1, 2000 and marked to market through earnings after August 1, 2000.

Staff Accounting Bulletin 101 ("SAB 101"), "Revenue Recognition in Financial Statements", is effective no later than the fourth quarter of fiscal years beginning after December 15, 1999. SAB 101 summarizes certain views in applying United States GAAP to revenue recognition in financial statements. The impact of the application of SAB 101 is currently being reviewed by the Company.

21. Comparative Consolidated Financial Statements

Certain comparative figures have been reclassified to conform to the current period's method of presentation.

MANAGEMENT & OFFICERS

Management

ALAN J. POWER
President & Chief Executive Officer

TERRY L. BALL
President
Decoma Exterior Trim Inc.

R. DAVID BENSON
Vice-President
Secretary & General Counsel

ROBERT A. BROWNLEE
Vice-President
Operations

JAMES R. DROUILLARD
Vice-President
Engineering & Product Development

WILLIAM A. FREDERIKSEN
Vice-President & General Manager
Systems Integration

DOUGLAS M. HARRISON
Vice-President
Planning & Corporate Development

S. RANDALL SMALLBONE
Vice-President
Finance & Chief Financial Officer

GREGORY J. WALTON
Vice-President
Sales & Marketing

Officers

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President & Chief Executive Officer

R. DAVID BENSON
Vice-President
Secretary & General Counsel

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Vice-President
Planning & Corporate Development

S. RANDALL SMALLBONE
Vice-President
Finance & Chief Financial Officer

GREGORY J. WALTON
Vice-President
Sales & Marketing

DAVID M. ONGARO
Director
Treasury & Finance

KENNETH J. GIBBONS
Corporate Controller

BOARD OF DIRECTORS

From left to right:

DONALD J. WALKER (2)
P. Eng.
Chairman of the Board
Decoma International Inc.
President and Chief Executive Officer
Magna International Inc.

Donald J. Walker is President and Chief Executive Officer and a director of Magna International Inc., a leading global supplier of technologically advanced automotive systems, components and complete modules. He sits on several boards, including the Automotive Parts Manufacturers Association, the Humber College Foundation, Co-Chair of the Automotive Advisory Committee to Industry Canada, and a member of the Ontario Jobs and Investment Board. Mr. Walker has been a director of Decoma since December 3, 1997.

ROBERT J. FULLER (1) (2) (3)
B. Com., LL.B., Q.C.
Senior Partner
Miller Thomson LLP

Robert J. Fuller is a partner in the law firm of Miller Thomson, a full service law firm with offices in Toronto, Markham, Edmonton, Calgary, Vancouver and Washington, D.C. and affiliations throughout the world. His practice involves individual and corporate planning from a broad perspective, both domestic and international. He serves on the boards of directors of numerous companies. Mr. Fuller has been a director of Decoma since March 2, 1998.

JENNIFER J. JACKSON (1) (3)
President
Berger Jackson Capital Services Inc.

Jennifer J. Jackson is the President of Berger Jackson Capital Services, Inc. and a Principal of Berger Jackson Capital Management, LLC and Berger Jackson Capital L.P., general partners for the Berger Jackson group of private investment partnerships, providing investment and financial services to individual, corporate and institutional clients. She has provided strategic direction and developed strategic relationships for a number of companies. Ms. Jackson has been a director of Decoma since March 2, 1998.

JOHN T. MAYBERRY (1)
B.A.Psych, LL.D.
President and Chief Executive Officer
Dofasco Inc.

John T. Mayberry is the President and Chief Executive Officer of Dofasco Inc., a major steel manufacturer located in Hamilton, Ontario. He is a director of Dofasco Inc., the Bank of Nova Scotia and United Dominion Industries Limited. He participates in a number of industry-related associations and is a director of the International Iron and Steel Institute, the American Iron and Steel Institute, the Canadian Steel Producers' Association and the Canadian Steel Trade and Employment Congress. Mr. Mayberry has been a director of Decoma since March 2, 1998.

FRANK E. MACHER (2)
B.S. MechEng, M.B.A.
Corporate Director

Frank E. Macher retired in 1999 as President and Chief Executive Officer of ITT Automotive, one of the largest independent suppliers to the world's automakers. He has served on the Industry Manufacturing Advisory Council for Stanford University, the MIT Leaders for Manufacturing Council, and has been a member of the Board of Trustees of the Kettering University and the Detroit Historical Society. Mr. Macher has been a director of Decoma since January 6, 1999.

ALAN J. POWER (3)
B. Eng Mech
President and Chief Executive Officer
Decoma International Inc.

Alan J. Power is President and Chief Executive Officer of Decoma International Inc., a full service supplier of exterior vehicle appearance systems for the world's automotive industry. He has directed Decoma's global growth since becoming President in 1993, having commenced his career with the Decoma group in 1987. Mr. Power is a member of the Magna Technical Training Centre Advisory Committee and has been a director of Decoma since December 3, 1997.

JAMES NICOL
LL.B., LL.M.
Vice-Chairman of the Board
Magna International Inc.

James Nicol is Vice-Chairman of the Board and a director of Magna International Inc., a leading global supplier of technologically advanced automotive systems, components and complete modules, a position he assumed upon Magna's 1998 acquisition of TRIAM Automotive Inc., an automotive parts manufacturer he founded in 1994. He also serves as a director of Magna Entertainment Corp. and Harrowston Inc. Mr. Nicol has been a director of Decoma since September 16, 1998.

(1) Member of the Audit and Corporate Governance Committee
(2) Member of the Human Resources and Compensation Committee
(3) Member of the Health and Safety and Environmental Committee

6 YEAR FINANCIAL SUMMARY

Operational Data

(Canadian dollars in thousands, except per share figures)	Year Ended July 31 2000	1999	1998	1997	1996	1995
Sales	**$ 1,045,615**	$ 901,427	$ 656,175	$ 510,986	$ 418,228	$ 411,122
Operating income	**$ 84,267**	$ 57,198	$ 46,271	$ 34,969	$ 33,449	$ 40,839
Net income	**$ 59,089**	$ 41,634	$ 29,307	$ 28,682	$ 25,383	$ 30,719
Earnings per Class A Subordinate Voting Share or Class B Share (*)						
Basic	**$ 1.31**	$ 0.90	$ 0.77	$ –	$ –	$ –
Fully Diluted	**$ 1.11**	$ 0.81	$ 0.71	$ –	$ –	$ –
Average number of Class A Subordinate Voting Shares and Class B Shares outstanding						
Basic	**43,127,407**	43,127,407	36,593,663	–	–	–
Fully Diluted	**59,237,800**	59,188,177	46,585,250	–	–	–
Cash flow from operating activities	**$ 90,250**	$ 93,740	$ 68,189	$ 66,606	$ 28,729	$ 56,008

* Per share figures prior to the completion of the Company's Initial Public Offering on March 2, 1998 are not meaningful

Financial Position

(Canadian dollars in thousands)	As at July 31 2000	1999	1998	1997	1996	1995
Cash (net of bank indebtedness)	**$ 29,881**	$ 38,324	$ 66,435	$ (8,162)	$ 3,593	$ 7,390
Total assets	**$ 732,904**	$ 719,805	$ 681,894	$ 363,064	$ 310,812	$ 249,561
Fixed asset additions	**$ 65,769**	$ 129,541	$ 124,027	$ 51,245	$ 37,674	$ 26,707
Long-term debt (excluding current portion)	**$ 35,511**	$ 26,764	$ 1,782	$ 15,580	$ 28,045	$ 24,984
Convertible Series Preferred Shares	**$ 143,802**	$ 137,922	$ 132,283	$ –	$ –	$ –
Shareholders' equity/Magna's net investment	**$ 327,236**	$ 287,748	$ 254,778	$ 259,586	$ 213,936	$ 157,624
Long-term debt (excluding current portion) to total equity ratio	**0.11:1**	0.09:1	0.01:1	0.06:1	0.13:1	0.16:1

QUARTERLY FINANCIAL INFORMATION

Fiscal 2000

(Unaudited) *(Canadian dollars in thousands, except per share figures)*	**October 31**	**January 31**	**April 30**	**July 31**	**Total**
Sales	**$ 259,264**	**$ 245,597**	**$ 269,043**	**$ 271,711**	**$ 1,045,615**
Income before income taxes and minority interest	**$ 26,916**	**$ 19,677**	**$ 28,551**	**$ 19,996**	**$ 95,140**
Net income	**$ 17,682**	**$ 12,906**	**$ 16,017**	**$ 12,484**	**$ 59,089**
Basic earnings per Class A or B Share	**$ 0.39**	**$ 0.28**	**$ 0.36**	**$ 0.28**	**$ 1.31**
Fully diluted earnings per Class A or B Share	**$ 0.33**	**$ 0.25**	**$ 0.30**	**$ 0.23**	**$ 1.11**

Fiscal 1999

(Unaudited) *(Canadian dollars in thousands, except per share figures)*	October 31	January 31	April 30	July 31	Total
Sales	$ 211,576	$ 227,707	$ 240,304	$ 221,840	$ 901,427
Income before income taxes and minority interest	$ 17,217	$ 17,939	$ 20,965	$ 10,080	$ 66,201
Net income	$ 11,897	$ 11,465	$ 13,442	$ 4,830	$ 41,634
Basic earnings per Class A or B Share	$ 0.26	$ 0.25	$ 0.29	$ 0.10	$ 0.90
Fully diluted earnings per Class A or B Share	$ 0.23	$ 0.22	$ 0.25	$ 0.10	$ 0.81

Fiscal 1998

(Unaudited) *(Canadian dollars in thousands, except per share figures)*	October 31	January 31	April 30	July 31	Total
Sales	$ 142,490	$ 147,388	$ 199,287	$ 167,010	$ 656,175
Income before income taxes and minority interest	$ 9,040	$ 9,816	$ 19,345	$ 10,815	$ 49,016
Net income	$ 5,649	$ 6,513	$ 11,295	$ 5,850	$ 29,307
Basic earnings per Class A or B Share (*)	$ –	$ –	$ 0.29	$ 0.09	$ 0.77
Fully diluted earnings per Class A or B Share (*)	$ –	$ –	$ 0.25	$ 0.09	$ 0.71

* Per share figures prior to the completion of the Company's Initial Public Offering on March 2, 1998 are not meaningful

Canada

(Canadian dollars except volume) **(TSE)**

2000 Quarter	Volume	High	Low	Close
1st	314,058	13.00	11.70	12.00
2nd	284,193	13.00	10.05	10.50
3rd	233,094	10.85	9.00	9.15
4th	255,808	12.25	8.85	11.05

1999 Quarter	Volume	High	Low	Close
1st	307,606	13.00	9.55	9.60
2nd	430,378	15.25	9.60	11.65
3rd	278,799	13.00	10.50	10.70
4th	346,096	12.60	10.70	12.10

United States

(US dollars except volume) **(NASDAQ)**

2000 Quarter	Volume	High	Low	Close
1st	100,956	8.80	7.88	7.94
2nd	86,513	8.75	6.94	7.25
3rd	57,416	7.75	6.25	6.25
4th	79,780	8.313	5.75	7.75

1999 Quarter	Volume	High	Low	Close
1st	138,686	9.00	6.00	6.16
2nd	130,597	9.88	6.50	7.75
3rd	98,190	8.50	7.00	7.33
4th	87,906	8.63	7.25	7.88

Distribution of Shares

Country	%
Canada	93.5
United States	6.5

Transfer Agents & Registrars

Canada

Class A Subordinate Voting Shares
Montreal Trust Company of Canada, Toronto

United States

Class A Subordinate Voting Shares
The Bank of Nova Scotia Trust Company of New York, New York

Stock Listings

Class A Subordinate Voting Shares
Toronto Stock Exchange – DEC.A
NASDAQ National Market – DECAF

Auditors

Ernst & Young LLP,
Toronto, Canada

Principal Bankers

Royal Bank of Canada
Citibank Canada
Toronto, Canada

Investor Information

Shareholders seeking assistance or information about the Company are requested to contact:
S. Randall Smallbone
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50 Casmir Court, Concord, Ontario, Canada L4K 4J5
Telephone: (905) 669-2888
Fax: (905) 669-5075

Annual Meeting

Wednesday, December 6, 2000, 10:30 a.m.,
The Design Exchange
Toronto Dominion Centre
Ernst & Young Tower
234 Bay Street, 2nd Floor,
Toronto, Ontario, Canada

Design: Campbell Sheffield Design Inc. Printing: Somerset Graphics

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